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**LAU Infra Grupa AS**

SUSTAINABILITY REPORT 2025

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# Foreword

## Dear colleagues, clients and business partners!

For LAU Infra Grupa AS, the past year has been a time of significant change, growth, and strategic transformation. As the Company has moved toward the capital markets, we have continued to expand our role in the maintenance and development of Latvia's critical infrastructure, purposefully increasing our capacity to implement strategically important infrastructure projects.

In today's world, a company's sustainability is no longer just an environmental issue—it also encompasses responsible management, the ability to foster a professional and safe work environment, and long-term resilience in the face of changing economic and geopolitical conditions. It is precisely these principles that form the foundation of our development.

As one of the largest employers in Latvia's regions and major company in the infrastructure sector, we recognize our responsibility toward society, our clients, our employees, and the country as a whole. Therefore, during the reporting period, we

continued to make targeted investments in equipment modernization, occupational safety, digital solutions, and professional development of our employees, while strengthening the Company's corporate governance and readiness to meet capital market requirements.

Sustainable development of a company is not possible without responsible management, a professional team, and a clear long-term vision. For us, moving toward the capital market means both opportunities for growth and a greater responsibility toward society, clients, employees, and future investors. During the reporting period, the Company continued to expand its operations not only in the maintenance of national roads but also in the implementation of transportation, military, and border infrastructure projects, thereby strengthening its capacity and competitiveness. Particular attention was paid to occupational safety, employee well-being, the efficient use of resources, and the digitization of processes.

This Sustainability Report reflects our achievements in the areas of the environment, social responsibility, and governance, and reaffirms our commitment to developing a modern, professional, and sustainable infrastructure company over the long term.

Chairman of the Management Board of LAU Infra Grupa AS  
**Vilnis Vitkovskis**



# Information on the Report

<b>Report provided by</b>	LAU Infra Grupa AS (former State Joint Stock Company “Latvijas autoceļu uzturētājs”), registration number 40003356530, registered address: 4 Krustpils Street, Riga, LV-1073, Latvia
<b>Reporting period</b>	01.01.2025. – 31.12.2025.
<b>Reporting frequency</b>	The Sustainability Report is prepared once a year. The Company prepared its first Sustainability Report (previously prepared as a sustainability review) in 2022 for the 2021 reporting year.
<b>Report scope</b>	The Sustainability Report contains information about LAU Infra Grupa AS (referred to as the “Company” in the Report).
<b>Report content</b>	The Report includes information about the Company and aspects of its operations and sustainability that are relevant in the environmental, social, and governance areas.
<b>The approach used</b>	<p>This is the Company’s first Sustainability Report, prepared by gradually implementing the requirements of the European Union’s Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS).</p> <p>In accordance with the transitional provisions of the Law on Sustainability Disclosures, the Company’s obligation to prepare a sustainability report would take effect starting with the 2027 reporting year, subject to the application and amendments of relevant regulations. Taking into account the changes to the CSRD regulations (including the the Omnibus I Directive), as well as the scale of the Company’s operations, the Company will most likely not be required to submit a sustainability report in accordance with CSRD requirements. Consequently, the Sustainability Report for 2025 has been prepared on a voluntary basis.</p> <p>Given the Company’s strategic development plans, sustainability reporting is also used as a preparatory tool for potential future changes in sustainability disclosure regulations and the Company’s status.</p>
<b>Data collection methods</b>	Data from the Company’s structural units, internal documents (policies, regulatory acts, strategic plans, reports, etc.), as well as the Company’s information systems were used in preparing this Report. The data was obtained through internal monitoring and reporting mechanisms, as well as through stakeholder engagement. To ensure the accuracy and reliability of the data, the information was verified and reconciled with the responsible structural units.
<b>Adjustments to the information provided in previous reports</b>	The emissions calculations for Scope 1 for 2024 have been recalculated due to errors found in the data.
<b>Independent Auditor's Statement</b>	The 2025 Sustainability Report has not been issued with an external independent auditor's statement.
<b>Report format and availability</b>	The Report is available online in Latvian and English on the Company's website <a href="http://www.lau.lv">www.lau.lv</a>
<b>Contacts</b>	Any questions or suggestions regarding the Sustainability Report should be sent by email to <a href="mailto:lau@lau.lv">lau@lau.lv</a> . The Company’s address is: 4 Krustpils Street, Riga, LV-1073, Latvia.

# Content

<a href="#">Foreword</a> .....	2
<a href="#">Information on the Report</a> .....	3
<a href="#">Content</a> .....	4

<b>ABOUT US</b> .....	<b>5</b>
<a href="#">About the Company</a> .....	6
<a href="#">Awards, recognitions, participation in initiatives</a> .....	9
<a href="#">Strategy and business model</a> .....	10
<a href="#">Value chain</a> .....	13
<a href="#">Cooperation with stakeholders</a> .....	15
<a href="#">Double materiality assessment</a> .....	16
<a href="#">Policies Policies for managing key sustainability issues</a> ...	17

<b>ENVIRONMENT</b> .....	<b>19</b>
<a href="#">Climate changes</a> .....	20
<a href="#">Pollution</a> .....	25
<a href="#">Water resources</a> .....	26
<a href="#">Resource utilization and the circular economy</a> .....	27

<b>SOCIAL SPHERE</b> .....	<b>29</b>
<a href="#">Own personnel</a> .....	30
<a href="#">Clients and road users</a> .....	39

<b>GOVERNANCE</b> .....	<b>42</b>
<a href="#">Sustainability governance</a> .....	43
<a href="#">Business</a> .....	51
<a href="#">Cybersecurity and data protection</a> .....	53
<a href="#">Due Diligence Statement</a> .....	55





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# About us

# About the Company

**LAU Infra Grupa AS** is a state-owned company and one of the leading road maintenance and civil engineering firms in Latvia, operating in the strategically important transportation infrastructure sector. The company's activities are focused on ensuring a safe, accessible, and sustainable road infrastructure, thereby promoting national mobility, regional accessibility, and economic development.




In accordance with Article 2 of Paragraph 1 of Section 88 of the State Administration Structure Law, the Company operates in a sector of strategic importance to the state.

The Company's management structure consists of a Shareholders' Meeting, in which the Ministry of Transport holds the state's equity stake, the Supervisory Board, consisting of three members, and the Management Board, consisting of three members.

The Company's share capital is EUR 35,202,323, consisting of 35,202,323 shares, 100% of which are owned by the state and held by the Ministry of Transport. The Company has no equity interests in other corporations.

### OVERALL STRATEGIC OBJECTIVE

To carry out ongoing daily maintenance work on state roads in order to ensure the mobility needs of residents, traffic safety, the operation of critical services (emergency medical care, fire and rescue services, police), and the operation of public transportation, etc., as well as to ensure the provision of maintenance services for infrastructure critical to the state.

 <p>MISSION</p>	<p>LAU Infra Group is a reliable, stable, and experienced company that, with its professional staff and modern technologies, ensures the daily maintenance of roads in an efficient and environmentally friendly manner throughout Latvia.</p>
 <p>VISION</p>	<p>LAU Infra Group is the best choice in the field of road maintenance</p>
 <p>VALUES</p>	<p><b>Professionalism</b> In our daily work and in our approach to the tasks at hand, our business partners, and our clients.</p> <p><b>Reliability</b> The services we provide are of high quality and meet our clients' wishes and requirements, and we also take into account the interests of society and the environment.</p> <p><b>Good reputation</b> We are a company that can be relied upon to build long-term, mutually beneficial partnerships. We highly value our employees' honest and fair conduct, both in their interactions with colleagues and with representatives of our clients and business partners.</p>

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## About the Company



### 20 000+ km of maintained road network

State and municipal infrastructure throughout Latvia



### 1000+ professionals team

Engineers, technicians and infrastructure experts



### Nationwide coverage

An operative regional network throughout Latvia



### Ensuring critical infrastructure

Involvement in defense-related projects, strengthening national mobility and security



### Vertically integrated infrastructure enterprises

The full cycle—from material extraction to maintenance and construction



### Strategic growth and development

Digitization, efficiency, and market expansion

## About the Company

### Key financial performance in 2025\*

**97,1 M €**

Turnover

**14,2 M €**

EBITDA  
14.7 % profit margin

**7,7 M €**

Profit  
7,9 % net profit margin

**9,2 M €**

Investments

**6,9 M €**

Projected portion of earnings  
allocated to dividends

**17 M €**

Taxes paid into  
the state budget



\* Unaudited data

## Awards, recognitions, participation in initiatives



Recognition in the **Employer Open to Diversity** rating



**Family-friendly work place**



Participant in the **“Mission Zero”** occupational safety initiative



Participant in the **“Zero Tolerance for Corruption”** initiative



DROŠĀKAIS UZŅĒMUMA  
AUTOPARKS

SILVER award in the **“Safest Company Fleet”** competition, in the category “Local (Baltic) Freight Carriers and Special-Purpose Fleets”



**90th place in the ranking of Latvia's most valuable companies\***



**Corporate Governance Index 85\*\***



**“A” Level** in the State Revenue Service's Taxpayer Rating

\* Based on the "TOP 101 Most Valuable Companies in Latvia" initiative by "Prudentia" and "Nasdaq Riga". <https://top101.lv/>

\*\* The corporate governance index reflects a company's openness, operational transparency, well-organized management procedures, and sustainability. [https://top101.lv](https://top101.lv/)

## Strategy and business model

The Company's activities are focused on ensuring a safe, accessible, and sustainable road infrastructure, thereby promoting mobility, regional accessibility, and economic development. The Company plays a significant role in the maintenance and development of state and municipal road infrastructure, ensuring the continuous provision of high-quality services throughout Latvia.

THE COMPANY'S BUSINESS MODEL IS  
BASED ON TWO  
MAIN AREAS OF OPERATION:



**road and street  
maintenance**



**renovation and  
construction of  
transportation  
structures and other  
civil engineering**

These areas of operation form the core of the Company's professional and technical expertise, ensure a stable revenue base, and define the Company's position in the industry. In addition, the Company **manufactures mineral materials** for its own projects and for sale to customers. The vertically integrated business model promotes greater operational independence, more efficient resource management, and consistent service quality.



The Company's strategic focus is directed toward three mutually complementary areas – **Business Growth, Digital and Competency Development**, and **Sustainable Management**. These areas ensure a systematic approach to strengthening the Company's operations and enhancing its competitiveness, while laying the groundwork for long-term financial stability and the Company's significant role in the industry.



Sustainable management involves both ensuring financial stability and integrating the principles of responsible business into day-to-day operations. The Company focuses on building a sustainable capital structure, ensuring efficient and resilient business operations, and achieving stable profitability. At the same time, the Company is implementing targeted measures to mitigate its climate impact, strengthening its production base, and integrating ESG principles into its management and operational processes, thereby creating long-term value for shareholders and society as a whole.

# Strategy and business model

The implementation of the Company's strategic goals simultaneously contributes, both directly and indirectly, to the achievement of the United Nations 2030 Agenda for Sustainable Development, particularly in areas related to the development

of sustainable infrastructure, the efficient use of resources, the mitigation of climate change, and the promotion of quality employment.

Sustainable Development Goal (SDG)	Contribution of LAU towards the SDG
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>» Modernization of information technology and systems to improve productivity and efficiency</li> <li>» Ensuring equal pay</li> <li>» A collective bargaining agreement with more favourable terms for employees</li> </ul>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> <li>» High-quality maintenance of state and municipal roads to extend their service life</li> <li>» Promoting economic development in the regions</li> </ul>

Sustainable Development Goal (SDG)	Contribution of LAU towards the SDG
 <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> <li>» Sustainable management and efficient use of natural resources, in accordance with the requirements of external regulations</li> <li>» Pollution monitoring</li> <li>» Sustainable waste management</li> <li>» Ensuring the company's sustainable operations and implementing sustainability reporting practices</li> </ul>
 <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>» Maintenance of the energy management system in accordance with the international standard ISO 50001</li> <li>» Monitoring the impact of the company's operations</li> <li>» Transition to renewable energy sources / increasing the share of renewable energy sources</li> </ul>

## Strategy and business model

### Linking the strategy to the results of the double materiality assessment

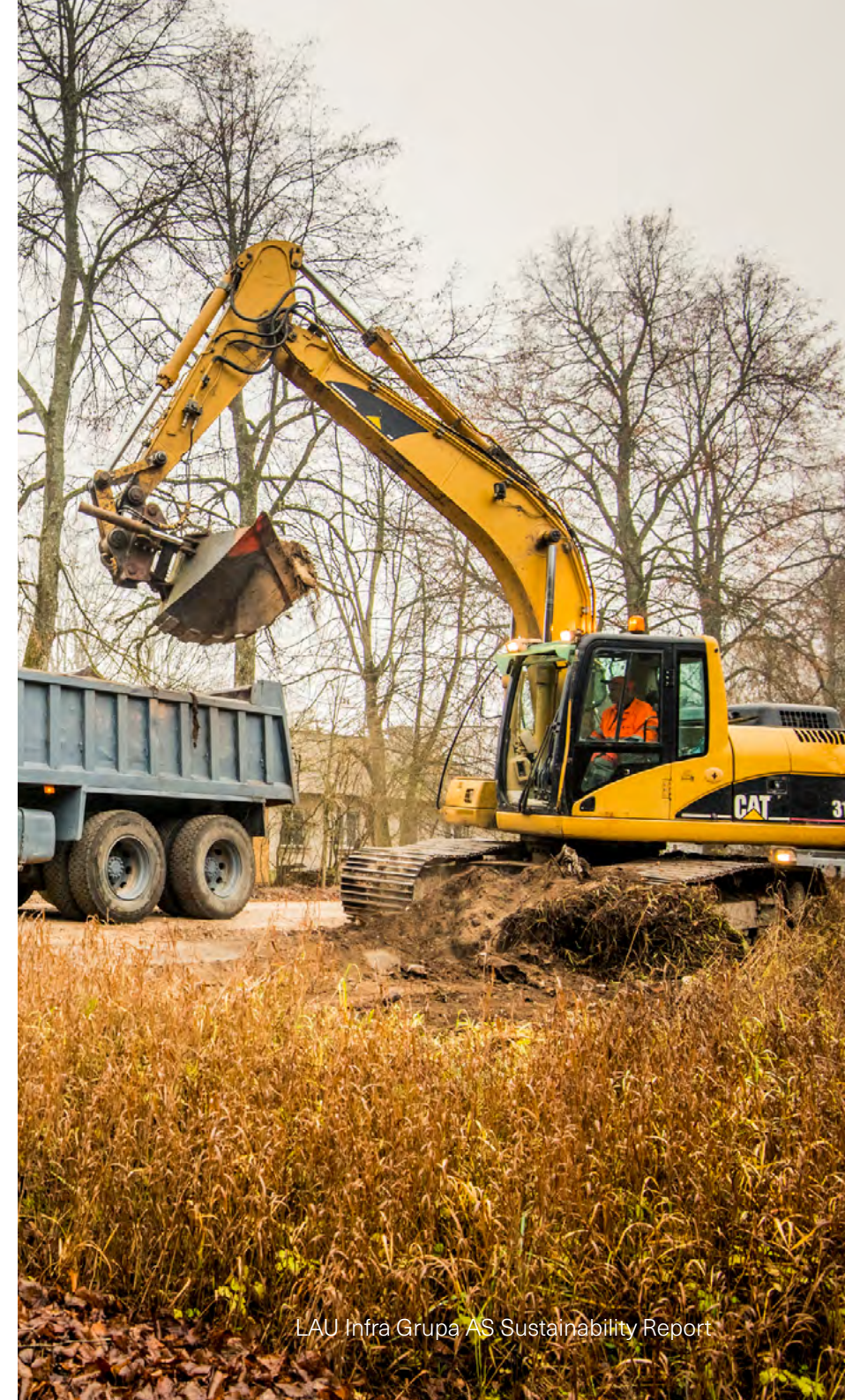
The Company's strategic directions and business model are directly based on the results of the double materiality assessment and the identified material sustainability themes. These strategic directions serve as a practical framework for managing the most significant impacts, risks, and opportunities in day-to-day operations.

In the area of social sustainability, the Company's strategy focuses on employee safety, compliance with labor laws, skills development, and workforce availability—all of which have been identified as highly significant topics in the double materiality assessment. These topics are addressed through targeted investments in employee well-being, training, improvements to the work environment, and strengthening the organization's competencies.

In the area of governance, the strategic approach addresses key risks related to ethical business practices, anti-corruption, data and information security, and supply chain management. Sustainable governance ensures that these issues are integrated into decision-making processes, internal control systems, and collaboration with partners.

In the area of the environment, based on the results of the double materiality assessment, the Company strategically focuses on the efficient use of resources, pollution reduction, mitigation of climate impact, and responsible infrastructure development. Although environmental issues have not been identified as having the highest materiality, they are consistently integrated into the Company's operational processes and investment decisions, ensuring compliance with regulatory requirements and long-term risk management.

This link between the strategy and the double materiality assessment ensures that the Company's long-term development is aligned with both industry trends and the Company's impact on society, the environment, and the economy.

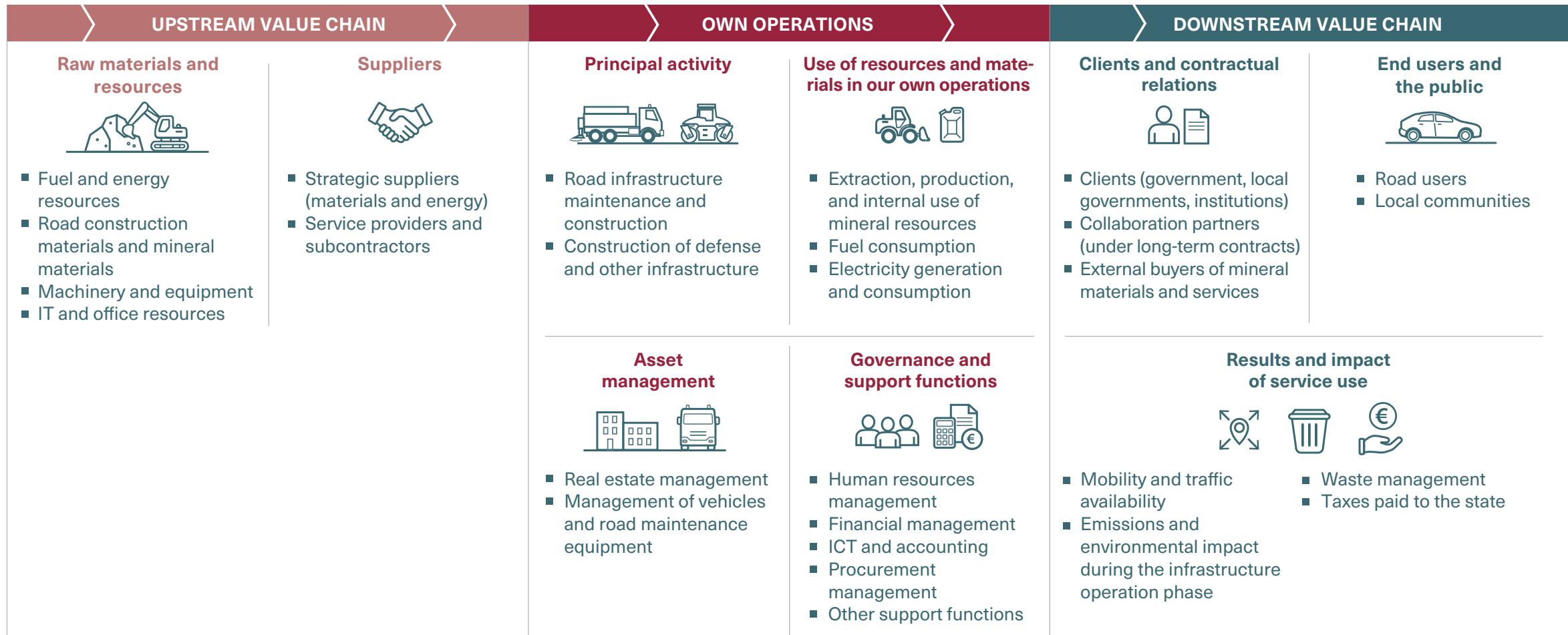


ESRS 2 SBM-1

## Value chain

The Company's value chain reflects the key resources, activities, relationships, and impacts that enable the Company's core functions and create long-term value for society. The value chain encompasses the upstream value chain, the Company's

own operations, and the downstream value chain, taking into account both direct and indirect environmental, social, and economic impacts.



ESRS 2 SBM-1

## Value chain

**The upstream value chain** includes the procurement of raw materials, resources, and services necessary for the Company's operations, which are outside the Company's direct operational control, but which significantly affect operational efficiency, cost structure, and sustainability indicators. This stage includes fuel and energy resources, road construction materials and mineral materials, vehicles, road maintenance machinery and equipment, as well as IT and office resources.

These resources are provided by strategic suppliers, particularly in the areas of materials and energy, as well as by various service providers and subcontractors who provide support services to ensure the Company's operations. The activities of suppliers and subcontractors account for a significant portion of the Company's indirect environmental and social impacts; therefore the upstream value chain is considered a key source of sustainability risks and opportunities, including in the context of emissions, occupational safety, and supply continuity.

**Own operations** include operations directly controlled by the Company that deliver the company's value proposition to society. The own operations are the maintenance and

construction of road infrastructure and the construction of defense and other infrastructure.

A significant part of the Company's own operations involves the use of resources and materials, including the extraction of mineral resources, manufacturing, and internal use of materials in the Company's road maintenance and construction work, as well as fuel consumption and the generation and consumption of electricity. These activities constitute the Company's primary direct environmental impacts, including greenhouse gas emissions, resource consumption, and waste generation.

Own operations also include asset management, which encompasses the maintenance and development of real estate, vehicles, and road maintenance equipment. Effective asset management is essential for achieving goals of operational continuity, workplace safety, and sustainability.

The Company's own operations are supported by management and support functions, including human resources, finance, procurement, and information and communication technology management. In this context, cooperation with educational institutions also plays a significant role. The Company collaborates with educational institutions to promote the long-term availability of a skilled workforce by offering internships to students, participating in joint projects, and facilitating the transfer

of knowledge and skills. Such cooperation strengthens human capital, helps attract young professionals, and supports the sustainability of the Company's operations, ensuring the continuity of the Company's value chain in the future.

**The downstream value chain** encompasses the delivery of the Company's services and the flow of the value it creates to clients, end users, and the public at large. The Company's clients and contractual partners include contracting authorities—the state, local governments, and other institutions—as well as cooperation partners under other agreements. In addition, the Company sells mineral materials and certain services to external buyers.

The end users and beneficiaries of public services are road users and local communities that use the maintained road infrastructure. The use of these services ensures mobility and access to transportation, promotes traffic safety and regional development, while also creating indirect environmental impacts during the infrastructure's operational phase. The downstream value chain also includes economic impacts, such as tax revenues for the state budget and jobs in the regions, which contribute to the overall well-being of society.

ESRS 2 SBM-2

## Cooperation with stakeholders

The Company's cooperation with stakeholders is structured as an integrated and transparent system that ensures the maintenance of relationships that are responsible, sustainable, and in line with the principles of good governance.

The Company maintains a structured and professional dialogue with its key stakeholders—customers, employees, shareholders, suppliers, financial institutions, and the public—ensuring the timely flow of information and their involvement in decision-making and development processes.

The Company's operations are characterized by consistency and transparency, ensuring regular communication regarding strategic plans, operational results, financial indicators, and sustainability aspects. Dialogue and participation are fostered through structured feedback mechanisms that allow the Company to identify the needs of its stakeholders and use the information they provide to improve its services and processes. This approach strengthens mutual trust and ensures the Company's ability to effectively and sustainably fulfill its role in the interests of society, the state, and the economy.

Stakeholder	Cooperation format		Directions of cooperation		Stakeholder	Cooperation format		Directions of cooperation	
<b>EMPLOYEES</b> (affected stakeholder)	» Providing information	» Training, exchange of experiences	» Wages, social guarantees	» Professional growth, training, and education	<b>EDUCATIONAL INSTITUTIONS</b> (affected stakeholder)	» Collaboration (internships and jobs)	» Survey on key sustainability topics	» Workforce and education	
	» Dialogue and feedback	» Activities and events	» Occupational health and safety	» Streamlining business processes		» Collaboration on projects and research		» Research	
	» Satisfaction and engagement survey	» Survey on key sustainability topics	» Labor rights, human rights, ethics					» Sustainability, action on climate change	
	» Individual development discussions				<b>TRADE UNION</b> (affected stakeholder)	» Dialogue on employee and company interests		» Collective bargaining agreement	» Labor rights, human rights, ethics
						» Advocacy for employee interests		» Workforce and education	» Social guarantees
								» Health and safety	
<b>SHAREHOLDER</b> (affected stakeholder)	» Shareholder meetings	» Consultations and meetings	» Financial stability, profits, and dividends	» Proper management, compliance with legislation	<b>PUBLIC, NGO</b> (affected stakeholder)	» Informing, communication	» Expressing proposals and concerns	» Quality services	» Accessibility of information
	» Operational monitoring	» Survey on key sustainability topics	» Assessment of operating results, achievement of financial and non-financial goals	» Infrastructure development, competitiveness		» Surveys	» Donations	» Jobs	
	» Participation in policy-making		» Reputation						
	» Providing information				<b>MEDIA</b> (Users of the Sustainability Report)	» Informing, communication		» Financial and operating results	» Reputation
									» Current and true information
<b>CLIENTS</b> (affected stakeholder)	» Surveys	» Survey on key sustainability topics	» Quality of products and services	» Financial stability, taxes	<b>STATE SUPERVISION AND CONTROL INSTITUTIONS</b> (Users of the Sustainability Report)	» Consultations and dialogue		» Compliance of operations with regulatory requirements	» Data, environmental protection
	» Expressing proposals		» Fair commercial practices, fulfillment of contractual obligations	» Sustainability, action on climate change		» Inspections and audits		» Employment, human rights, taxes	» Fair commercial practice
	» Reviews		» Workforce			» Reports			» Sustainability
					<b>PROFESSIONAL ORGANIZATIONS</b> (affected stakeholder)	» Consultations, advocacy		» Fair commercial practice	» Compliance and transparency
						» Surveys		» Industry development	» Jobs
						» Reviews			
<b>SUPPLIERS</b> (affected stakeholder)	» Procurement	» Partnership	» Fair commercial practices, fulfillment of contractual obligations	» Labor rights, human rights, ethics	<b>SECTORAL POLICY-MAKERS</b> (affected stakeholder)	» Dialogue and consultations		» Combating the shadow economy, corruption, and environmental violations	» Compliance of operations with regulatory requirements
	» Conversations, dialogues, meetings	» Survey on key sustainability topics	» Reputation	» Sustainability		» Participation in working groups, expressing opinions		» Data safety	
			» Reputation	» Infrastructure					
<b>BANKS, FINANCIERS</b> (Users of the Sustainability Report)	» Dialogue, current information	» Survey on key sustainability topics	» Financial stability	» Fair and ethical governance					
	» Financial statements, sustainability reports		» Reputation, operational transparency	» Sustainable services					
			» Compliance of operations with regulatory requirements						

ESRS 2 IRO-1

## Double materiality assessment

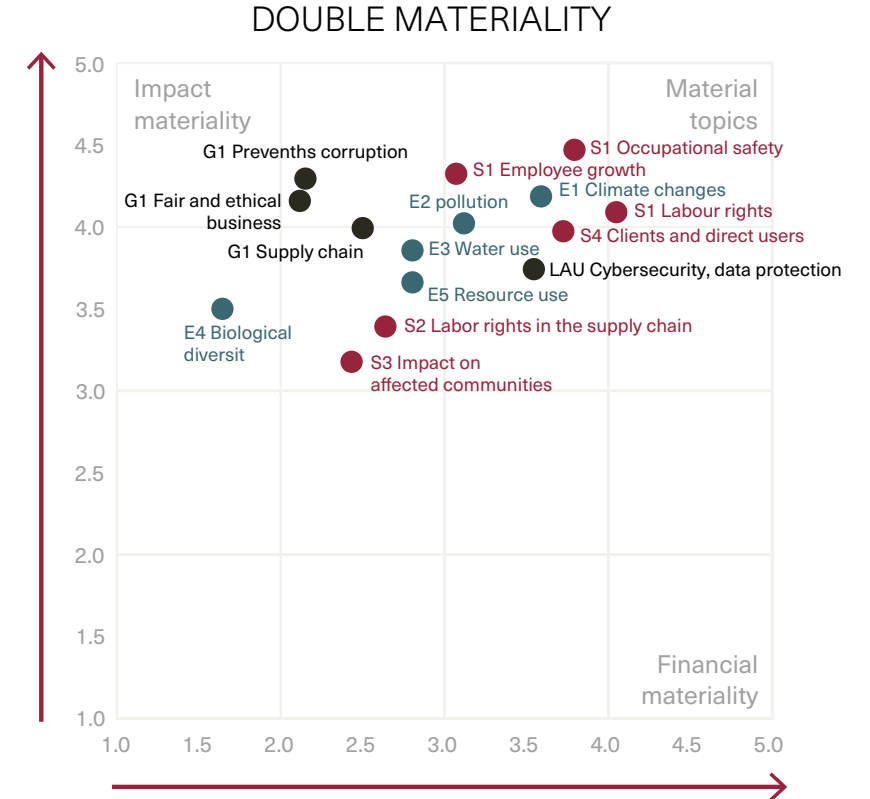
During this reporting period, the Company conducted a simplified double materiality assessment based on the requirements of the European Sustainability Reporting. The Company's most material stakeholders were involved in the assessment through a structured stakeholder survey.

The survey results were analyzed by the Company's internal working group, which consisted of the heads of the relevant departments and processes, and the opinion of the Company's Management Board was also taken into account.

In the double materiality matrix, the materiality of the thematic standards was determined using a five-point scale by calculating the average values of impact materiality and financial materiality. Topics with an average score exceeding 3.5 were identified as material and are included in this Sustainability Report.

In conducting the double materiality assessment, the Company used a stakeholder survey and internal expert assessments as its primary sources of information. The assessment did not include a comprehensive in-depth analysis of impacts, risks, and opportunities (IRO) based on their scale, scope, and irreversibility, nor did it fully distinguish between short-term, medium-term, and long-term impacts. The Company plans to gradually develop a double materiality assessment methodology in future periods, deepening the analysis of risks and opportunities in accordance with EUSR requirements.

Based on the results of the double materiality assessment and the thresholds applied, the Company's sustainability priorities focus primarily on social and governance aspects, particularly employee safety, compliance with labor laws, access to skills, as well as ethical and transparent business practices. Environmental issues were identified as material; however, they do not have as significant an impact on the Company's operations and financial results as social and governance issues, and are therefore addressed with a moderate level of detail.



ESRS 2 MDR-P

## Policies for managing key sustainability issues

The Company has a set of policies that define the general principles governing its operations, which the Company follows in its activities and which cover all areas of sustainability impact. These policies and other internal regulations governing the Company’s operations are available to all employees through

the Company’s document management system. The most significant policies are published on the Company’s external website. During the reporting year, the Human Resources Policy was reviewed and updated.

### Key policies and the sustainability principles defined therein

Policy/Regulations	Areas of impact	Principles
Corporate Governance Policy	Governance, Social Issues, Environment	Sustainable management; implementation of ethical, responsible, and transparent corporate governance practices.
Policy on Risk Management and Internal Control Systems	Governance	Uniform basic principles of risk management and internal control systems; division of responsibilities and oversight; decision-making; risk management; implementation of control measures; and ensuring information and communication.
Ethics Policy	Governance, Social Issues, Environment	Core social values, fundamental ethical principles, prevention of corrupt practices and conflicts of interest, general standards of conduct and compliance with them, duties and responsibilities.
Human Resources Policy	Social Issues	Effective human resources management—recruitment, retention, development, succession planning, compliance with legal requirements in employment relationships, and adherence to the principles of fair, just, and equal treatment and rights.
Privacy Policy	Governance, Social Issues	Personal data protection, purposes of processing, data retention, rights and obligations of data subjects, use of cookies.
Policy on Preventing Corruption and Conflicts of Interest	Governance, Social Issues	Establishing a control environment, identifying corruption risks, implementing risk mitigation measures, ensuring the appropriate, lawful, and legitimate use of personnel, financial, and material resources, and conducting oversight.

## Key policies and the sustainability principles defined therein

Policy/Regulations	Areas of impact	Principles
Internal Audit Policy	Governance, Social Issues, Environment	Providing an objective assessment of the effectiveness of LAU's risk management, internal control systems, and governance processes; and offering advice and recommendations to improve LAU's operations.
Information and Communication Technology and Information Security Policy	Governance	Ensuring the confidentiality, integrity, and availability of information; information classification; information security risk management; and planning and management of information system operational continuity.
Integrated Management System Policy	Governance, Social Issues, Environment	Stable and sustainable operations, a process-oriented approach, knowledge transfer, compliance and quality, minimizing environmental impact, and improving performance.
Communications Policy	Governance, Social Issues	Communication and collaboration with stakeholders, shaping public opinion and image, and providing information
Donation Policy	Governance, Social Issues, Environment	Implementation of corporate social responsibility; sustainable resource management.
Supplier Code of Ethics	Governance, Social Issues, Environment	Business principles, conflicts of interest, prevention of corruption, bribery, and money laundering, respect for human rights, environmental protection, data protection, and the duty to report.
Regulations for Internal Whistleblowing System	Governance, Social Issues, Environment	Whistleblowing on violations, the whistleblowing mechanism and its operation, and adequate protection for whistleblowers.
Regulations on the LAU Remuneration System	Social Issues	A unified remuneration system—internal equity, remuneration aligned with the labor market, equal access, and achievement of objectives.



# Environment

# E1 Climate changes

E1-1, E1-2

## General approach and management

As a result of the double materiality assessment, environmental aspects were assessed as material; however, they are generally considered less critical than social and governance issues.

The Company's approach to managing environmental issues is integrated into its Integrated Management System Policy, which sets out principles regarding climate change, energy efficiency, pollution, and resource use. The policy is publicly available and applies to all of the Company's operations.

During the reporting period, the Company focused on:

- optimizing energy consumption,
- implementing measures to reduce greenhouse gas (GHG) emissions,
- pollution control,
- the efficient use of water and other resources,
- compliance with regulatory requirements.



Specific goals and measures in the area of environmental management are set out each year in the Company's annual Action Plan and Energy Management Action Plan.

To ensure compliance with applicable environmental regulations and requirements, the Company conducts regular monitoring and internal controls, and organizes employee training on environmental protection issues. The Company also cooperates with regulatory authorities, participates in inspections, and ensures the open and timely disclosure of information regarding its environmental impact.

Climate change and the extreme weather conditions associated with it may affect the Company's operations—the services it provides, the health and safety of its employees, its infrastructure and vehicle fleet, as well as traffic safety.

Weather conditions are one of the most significant external factors affecting the planning and execution of road maintenance and construction work. Their variability and the increasing intensity of extreme weather events make it more challenging to respond within the timeframes specified in regulations and contracts, and also create a need for additional resources. This can affect the continuity of work, costs, and traffic safety.

During the spring and summer months of 2025, precipitation was 3% above normal, and wet conditions prevailed throughout nearly all of Latvia. This period was wettest in the eastern part of the country—Latgale, Sēlija, and Eastern Vidzeme—where the three-month drought and wetness index remained above 2, or extremely wet, until August. These conditions significantly hampered construction work at the Company's sites, in several cases delaying project completion by as many as several months. At the same time, due to adverse weather conditions, traffic was restricted or completely closed on certain road sections. Such situations were primarily related to heavy precipitation, high groundwater levels, and waterlogged soil; damage to road structures; as well as trees that had fallen onto the roadway due to strong winds.

During the reporting period, due to extreme weather conditions, one of the Company's vehicles was damaged when, while clearing trees that had fallen as a result of a storm, another tree fell onto the vehicle. No employees were injured in this incident, and the Company did not suffer any significant financial losses.

E1-3  
**Mitigating climate change**

To mitigate the risks posed by climate change, the Company is implementing several measures:

- insures its infrastructure and vehicle fleet against risks caused by extreme weather conditions;
- to the extent possible, incorporates risks related to the performance of work into contracts with clients;
- assesses risks related to employee health and safety and establishes appropriate preventive measures.

The Company has not yet assessed the impact of climate change across the entire value chain. It plans to develop such an assessment in future reporting periods.

To mitigate the negative impact of its operations on climate change, the Company implements various measures to optimize energy consumption, manage GHG emissions, promote the use of renewable energy sources, and reduce pollution and resource consumption. The Company complies with the requirements of applicable external and internal regulations in the areas of

energy management and environmental protection, and ensures compliance with internationally recognized management system requirements. The Company regularly assesses the impact of its operations, sets annual goals and objectives for improving environmental performance and energy efficiency, and takes the necessary measures to achieve them.

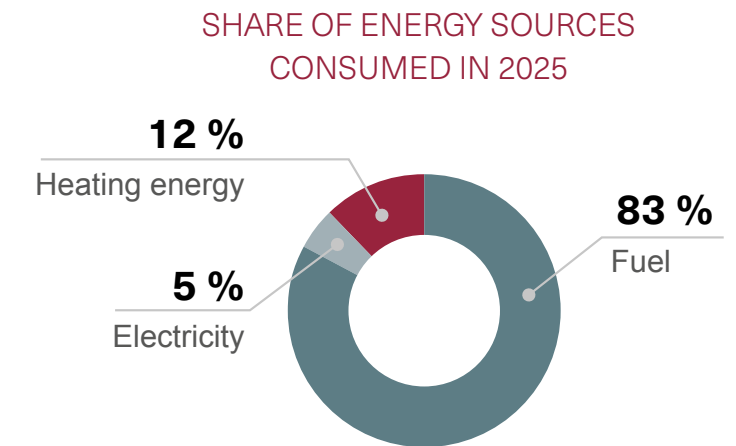
As part of its 2025 Energy Management Action Plan, the Company implemented nine measures aimed at reducing fuel and heat consumption, allocating funds for this purpose in the Company's budget. As a result of implementing these measures, the Company's projected energy savings amount to 97.83 MWh.

As a result of implementing these measures, the Company's projected energy savings amount to:

**97.83 MWh**

E1-5  
**Energy consumption and structure of energy resources**

The Company's main consumers of energy resources are transportation, buildings and structures, and mineral deposits. The Company's total energy consumption consists of fuel for motor vehicles and machinery (83%), heating energy (12%), and electricity (5%), which is used in workplaces and to support production processes.



E1-5

## Energy consumption and structure of energy resources

Energy consumption and structure of energy resources (2025)	Unit	2024	2025	Change (%) compared to the previous year
<b>Total consumption of fossil energy resources</b>	<b>MWh</b>	<b>80 736</b>	<b>82 444</b>	<b>2.1%</b>
Fuel consumption from natural gas	MWh	2785	2571	
Fuel consumption from liquefied natural gas	MWh	1	1	
Fuel consumption from petroleum products	MWh	296	227	
Consumption of petroleum-based fuels for transportation and machinery	MWh			
including diesel fuel	MWh	70606	72391	
including petrol	MWh	496	750	
Consumption of purchased electricity from fossil fuels	MWh	3955	3912	
Consumption of purchased heat energy from fossil fuels	MWh	2597	2592	
<b>Consumption from nuclear energy sources</b>	<b>MWh</b>	<b>-</b>	<b>-</b>	
<b>Total consumption from renewable energy sources</b>	<b>MWh</b>	<b>6981</b>	<b>5564</b>	<b>-20.3%</b>
Fuel consumption from renewable energy sources (firewood, pellets)	MWh	6905	5487	
Consumption of electricity, heat, steam, and cooling from purchased or generated renewable energy sources	MWh	-	-	
Consumption of self-generated renewable energy that is not fuel (solar)	MWh	76	76	
<b>Total energy consumption</b>	<b>%</b>			
Share of fossil fuels in total energy consumption	%	92%	94%	
Share of nuclear energy in total energy consumption	%	0%	0%	
Share of renewable energy sources in total energy consumption	%	8%	6%	
<b>Produced energy</b>				
<b>Produced electricity (solar)</b>	<b>Mērv.</b>	<b>2024</b>	<b>2025</b>	
<b>Produced electricity (solar)</b>	<b>GWh</b>	<b>0.09</b>	<b>0.08</b>	<b>-1.5%</b>
From renewable resources	%	100%	100%	
From non-renewable resources	%	0%	0%	
<b>Produced heating energy</b>	<b>GWh</b>	<b>10</b>	<b>8</b>	<b>-17.0%</b>
From renewable resources	%	69%	66%	
From non-renewable resources	%	31%	34%	

### Fuel consumption

The total amount of fuel consumed by vehicles and machinery in 2025 has increased compared to the previous year. This is due to an increase in the volume of work performed by the Company, resulting in a higher number of kilometers traveled and more engine-hours worked by the equipment.

### Heating energy

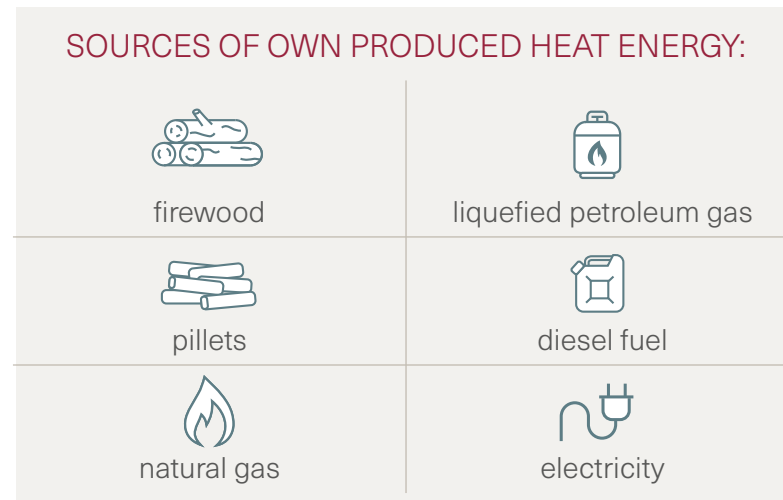
Heating energy consumption is influenced by changes in the Company's real estate portfolio, technological processes used to support its business operations, weather conditions, the resulting changes in people's habits, as well as other external factors.

The Company uses both heating energy it generates itself (direct energy consumption) and purchased heat energy (indirect energy consumption) to heat its buildings and structures.

Consumption of purchased heat energy in 2025 has not changed significantly, which can be explained by the relatively similar climatic conditions during the 2024 and 2025 heating seasons.

### Electricity

Total electricity consumption in 2025 has not changed significantly compared to 2024. At the same time, when analyzing consumption at the facility level (a total of ~100 connected facilities), different trends can be observed. It is encouraging that



electricity consumption has decreased significantly at facilities where energy efficiency or conservation measures were previously implemented. In contrast, consumption has increased at certain facilities, which is mainly due to, for example, changes in production processes at mineral deposits, more frequent equipment repairs carried out in their own workshops, as well as the replacement of heating systems and the installation of heat pumps at certain properties.

### Solar power plant

In April 2024, the Company commissioned its first solar power plant at 4 Krustpils Street in Riga. The installed solar power plant has a total system capacity of 100 kW and consists of 240 solar panels, which allow it to generate up to 95 MWh of renewable electricity per year. In 2025, the solar power plant generated 84.3 MWh of electricity, 90% of which was consumed on-site.

The electricity generated accounted for 2.11% of the Company's total electricity consumption. In 2026, the Company plans to install at least three more solar power plants to increase the share of renewable energy, reduce the environmental impact of its operations, and lower costs.

### Energy management

Demonstrating its commitment to reducing energy consumption and affirming its responsibility toward the environment, the Company has certified its energy management system in accordance with the international standard ISO 50001:2018. Effective energy management helps reduce costs, identify energy losses, and stabilize the Company's operations in the long term, regardless of fluctuations in energy prices or supply risks.

In November 2025, an audit of the Company's energy management system was conducted. The auditors concluded that the Company's energy management system complies with the requirements of the ISO 50001 standard, and the existing certification was extended for three years.

The Company has an active Energy Efficiency Management Working Group that continuously monitors energy consumption and develops strategies to reduce it. As part of energy management, energy consumption and energy performance indicators are monitored regularly, and this data is compiled annually in the Energy Report.

E1-6

## GHG emissions

The Company tracks its greenhouse gas (GHG) emissions to assess the impact of its operations on climate change and identify opportunities to reduce emissions. GHG emissions have been accounted for at the Company since 2021, in accordance with the requirements of Cabinet of Ministers Regulation No. 42, “Methodology for Calculating Greenhouse Gas Emissions”.

Emissions calculations use an internationally accepted classification:

- **Scope 1 – direct emissions**

Emissions from sources controlled by the company, primarily resulting from the operation of its transportation and technical vehicle fleets, as well as from the operation of its boiler houses.

- **Scope 2 – indirect emissions from purchased energy**

Emissions associated with the Company’s consumption of purchased electricity and heating energy.

- **Scope 3 – other indirect emissions**

Emissions generated within the Company’s value chain. The Company plans to implement Scope 3 emissions calculations gradually, starting in 2026.

LAU Infra Grupa GHG emissions*	Unit	2024	2025	Change (%) compared to the previous year
<b>Scope 1 GHG emissions</b>	<b>t CO<sub>2</sub>e</b>	<b>17 819</b>	<b>18 278</b>	<b>3%</b>
From combustion plants*	t CO <sub>2</sub> e	588	585	
From fuel used in transportation and machinery	t CO <sub>2</sub> e	17 231	17 693	
<b>Scope 2 GHG emissions</b>	<b>t CO<sub>2</sub>e</b>	<b>538</b>	<b>528</b>	<b>-2%</b>
From the generation of purchased electricity	t CO <sub>2</sub> e	292	292	
From the generation of purchased heating energy	t CO <sub>2</sub> e	246	236	
<b>Scope 3 GHG emissions currently are not calculated</b>	<b>t CO<sub>2</sub>e</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total GHG emissions</b>	<b>t CO<sub>2</sub>e</b>	<b>18 357</b>	<b>18 806</b>	<b>2%</b>

\* The data has not been externally verified

### SEVERAL FACTORS MAKE IT DIFFICULT TO ACHIEVE GHG EMISSION REDUCTION TARGETS:

- The electrification of the vehicle fleet is hampered by the lack of high-capacity charging infrastructure for electric vehicles, particularly in rural areas, as well as the limited availability and high cost of electric or hybrid alternatives for specialized road maintenance equipment;
- The low energy efficiency and high energy consumption of the Company's buildings and production facilities;
- the consumption of materials and resources used in maintenance and construction, and other factors.

## E2 Pollution

### E2-2 Pollution-related actions and resources

As part of its efforts to monitor and reduce pollution, the Company continuously carries out the following:

- groundwater monitoring
- wastewater monitoring
- flue gas emissions measurements.

### E2-4 Air, water and soil pollution

#### Groundwater monitoring

Groundwater monitoring is conducted at all locations where it is required by environmental regulatory authorities. In 2025, groundwater contamination analyses were conducted at 6 gas stations with underground storage tanks and at the site of 1 former gas station. Pollution from petroleum products persists at two historically contaminated sites; this pollution originated during the Soviet era and is not related to the Company's operations or its current value chain. Monitoring results indicate

that groundwater contamination levels at these sites are gradually decreasing over the long term. At the remaining monitoring sites, groundwater contamination did not exceed the limit values specified in regulatory acts.

#### Wastewater monitoring

Wastewater monitoring is also conducted regularly at 10 locations. The results of wastewater analyses indicate that the industrial wastewater discharged from the Company's premises does not significantly impact the surrounding environment. In 2025, no leaks were detected at the Company that could pose a significant risk of contamination to soil or water.

#### Flue gas emissions (waste gasses)

In 2025, flue gas emissions were measured at five boiler houses with capacities ranging from 200 kW to 1,000 kW. Emissions were measured at one boiler fired with wood and wood pellets and four boilers fired with natural gas. The measurement results confirmed that the emission limits specified in permits and regulations were not exceeded.

### E2-5 Substances of concern

The Company uses substances in its operations that may pose a pollution risk—petroleum products, oils, industrial fluids, paints/solvents, bitumen products, and hazardous waste. To carry out its operations, the Company has obtained Category B and C permits for polluting activities issued by the State Environmental Service. In accordance with the terms of these permits, the Company ensures the tracking, storage, and management of hazardous substances, as well as conducts regular environmental monitoring.



## E3 Water resources

### E3-2 Water-related activities and resources

Water is a vital resource for the Company's operations, used both in production processes and for operational needs. Most of the water consumption is related to road maintenance processes.

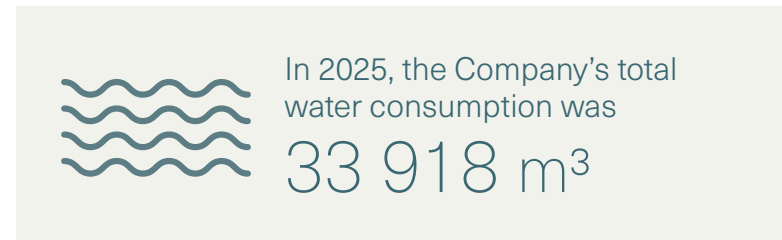
#### APPROXIMATELY 90% OF TOTAL WATER CONSUMPTION IS USED FOR:

- preparing a saltwater solution during the winter season,
- washing vehicles and specialized equipment.

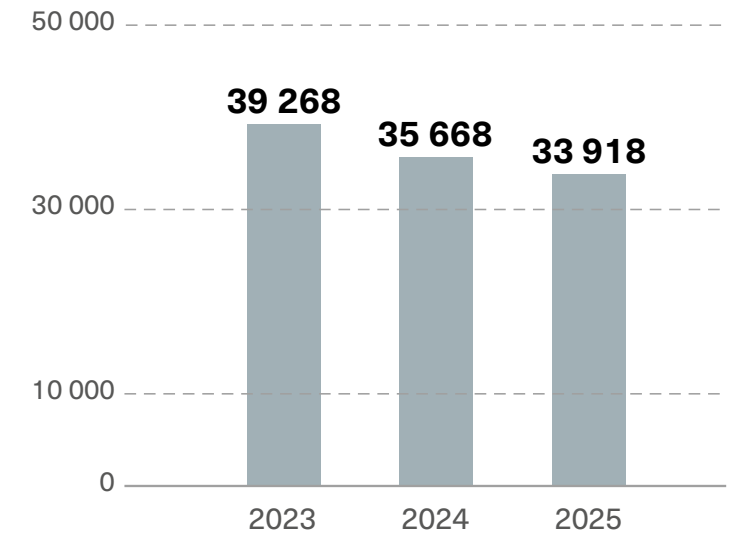
The remaining water is used for domestic purposes on the Company territory.

### E3-4 Water consumption

In 2025, the Company's total water consumption was 33.9 thousand m<sup>3</sup>. In recent years, there has been a slight but steady downward trend in water consumption, which is mainly attributable to climatic conditions and a reduced need to prepare saltwater solutions for road maintenance work.



WATER CONSUMPTION M<sup>3</sup> 2023–2025



## E5 Resource utilization and the circular economy

E5-1

### Policies related to resource utilization and the circular economy

The Company's approach to environmental management is integrated into the Integrated Management System policy through the principle "Think Green, Live Green," which establishes the Company's obligation to use natural resources, implement the best available technical measures to reduce emissions of pollutants into the environment that contribute to climate change, and reduce the amount of waste generated.

As a result of its economic activities, the Company generates various types of waste—household waste, hazardous waste, industrial waste, and construction waste. In addition, as part of its daily maintenance work on state highways, the Company ensures the cleanup of road shoulders, bus stops, and parking lots, which also includes the collection of litter.

The Company ensures that all waste-related activities—including collection, storage, transportation, sorting, and transfer to waste management operators—are carried out in accordance with applicable regulations. The national waste transport tracking information system APUS is used for waste accounting, ensuring traceability and compliance with regulatory requirements.

E5-5

### Waste streams and their classification

**Household waste**, generated during daily work in administrative offices, in employees' daily lives, and during grounds maintenance work, consists mainly of food packaging, paper, plastic products, various mixed household waste, etc. This also partially includes household waste collected from roadside shoulders, bus stops, and parking lots, which is essentially household waste discarded by the public (residents) and collected by the Company as part of its state highway maintenance work.

**Production waste** is primarily associated with the operation, maintenance, and repair of vehicles and equipment, and includes worn-out tires and scrap metal.

**Construction waste** is generated during road maintenance and the execution of most road and other construction

projects—for example, milled asphalt, unusable soil from road shoulders, damaged culverts, etc.—as well as during the repair of buildings, facilities, and infrastructure.

**Hazardous waste** is mainly generated as a result of equipment maintenance or repairs, as well as during building renovations, roof replacements, and the replacement of indoor lighting fixtures.

#### TYPES OF HAZARDOUS WASTE:

- used motor oil, transmission oil, and lubricating oil (130208),
- oil filters (160107),
- absorbents, filter materials, wiping materials, and protective clothing contaminated with hazardous substances (150202),
- lead-acid batteries (160601),
- fluorescent lamps and other mercury-containing waste (200121),
- construction materials containing asbestos (170605).

## WASTE GENERATED BY THE PUBLIC AND COLLECTED FROM ROAD SHOULDERS, SENT FOR RECYCLING IN 2025



**132,20 t**

Worn tyres of which 26.44 tons were generated in-house and 105.76 tons were collected from road shoulders



**0,84 t**

Construction waste (collected waste)



**0,62 t**

Asbestos containing construction materials



**2 t**

Oil filters



**19,28 t**

Other motor oils, transmission fluids, and lubricating oils



**581 t**

Total unsorted household waste, including approximately 116.2 tons generated by residents and 464.8 tons collected from road sides



**393,14 t**

Biodegradable waste



**1,4 t**

Paper and cardboard



**2,67 t**

absorbents, filter materials, cleaning materials, and protective clothing contaminated with hazardous substances



**0,14 t**

Fluorescent lamps and other waste containing mercury



**167,16 t**

Street-cleaning waste collected from the road sides



**80,12 t**

Bulky waste collected on the road sides



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# Social sphere

## S1 Own personnel

As a result of the double materiality assessment, social aspects related to the Company's own personnel have been identified as among the most material in the context of the Company's sustainability. These topics have been assessed as high or very high in materiality from both an impact and a financial perspective.

The Company has not identified any significant negative impacts on its own personnel that could arise from the transition plans aimed at achieving the goals of the European Green Deal. At the same time, the Company recognizes that climate change mitigation and adaptation measures may affect work organization, competency requirements, and working conditions; therefore, these aspects are integrated into its human resources and occupational safety risk management.

### THE FOLLOWING HAVE BEEN IDENTIFIED AS THE MOST SIGNIFICANT RISKS RELATED TO THE COMPANY'S OWN PERSONNEL:

- workplace accidents and work-related health risks;

- the availability of workforce in the labour market and the Company's ability to retain and attract qualified employees.

### THE COMPANY ALSO RECOGNIZES SIGNIFICANT OPPORTUNITIES AND POSITIVE IMPACTS RELATED TO EMPLOYEE SOCIAL PROTECTION AND WELL-BEING, INCLUDING:

- social support measures and assistance in various life situations;
- a valid collective bargaining agreement and social dialogue with the labor union;
- an effective occupational safety system and a preventive approach to risk management;
- investments in employee well-being and health;
- investments in employee training, professional development, and skills enhancement.

The most significant negative impact that could affect employee well-being and retention has been identified as the impact of the external economic situation on the Company's ability to offer competitive remuneration in the labor market.



S1-1

## Policy regarding its own personnel

The Company has adopted and maintains several policies and internal regulations that define its approach to human resources management and the fundamental principles of employment relationships.

### KEY DOCUMENTS ARE:

- Human Resources Policy,
- Ethics Policy,
- Rules of Work Procedure,
- Regulations on the Remuneration System,
- Regulations on Employee Training,
- Collective Bargaining Agreement,
- Plan for Occupational Safety Measures.

In 2025, the Company updated its **Human Resources Policy** to strengthen the alignment of human resources management processes with the principles of good governance and the Company's strategic objectives, as well as to ensure the policy's compliance with regulatory requirements and ESRS terminology. The policy clarifies the objective of human resources management and more clearly defines its values and principles.

The section on remuneration reinforces the Company's commitment to a fair and transparent remuneration policy, while the

section on social programs further emphasizes the principles of employee well-being, health and safety, social responsibility, and work-life balance. The Human Resources Policy also specifies the fundamental principles of recruitment and career development, emphasizing internal succession planning, talent development, and ensuring continuity in key positions.

The Company operates in accordance with its approved **Ethics Policy**, which establishes a unified set of standards for ethical conduct, promotes lawful and honest conduct in the Company's best interests in accordance with legal norms, and fosters good governance. Any employee may report potential violations of the Ethics Policy to the Company's Ethics Committee.

The **Rules of Work Procedure** establish uniform requirements and procedures for the organization of work, while the Regulations on the Remuneration System establish a uniform procedure for determining, calculating, and reviewing the remuneration of the Company's employees.

The **Regulations on Employee Training** establish a uniform procedure for improving employee competencies, including in the areas of labour protection and environmental protection.

The Company has a **Collective Bargaining Agreement** in effect, which is an agreement between the employer and the Latvian Road Workers' Union on terms and conditions for

employees that are more favorable than those set forth in the Labor Law, employment contracts, and other regulatory documents. The collective bargaining agreement is an essential tool for ensuring social dialogue and employee protection.

The Company's labour protection objective is to ensure safe and healthy working conditions by reducing the risks of accidents and occupational diseases and strengthening preventive risk management in the work environment. Each year, the Company develops an Occupational Safety Action Plan and allocates funds in the budget for its implementation, as well as conducts an annual workplace risk assessment. At the same time, the Company has joined the "Mission Zero" initiative, which aims to make health and safety the Company's top priorities both in every stage of its core operations and in its interactions with society.

Internal regulations are available to the Company's employees through the internal document management system, while the most important policies are published on the Company's website.

S1-2

## **Processes for employee involvement in key issues**

The Company's employees are continuously involved in matters related to the work environment, well-being, development, and the Company's operations, with the aim of promoting the timely exchange of information, participation in decision-making, receiving feedback, and strengthening mutual cooperation. Employee engagement helps identify risks and opportunities, as well as improve work organization and internal processes.

On a daily basis, employee engagement is ensured through face-to-face meetings, structured meetings, and various working groups, where both operational issues and important decisions affecting employees and the Company's operations as a whole are discussed. Communication between management and employees is also strengthened through quarterly live broadcasts by the Management Board, providing all Company employees with the opportunity to anonymously ask questions of the Management Board and receive explanations on current issues.

An essential tool for employee engagement and gathering feedback is the annual employee development review, during which the following topics are discussed: work performance, professional development needs, goals for the coming period, improvements to the work environment, as well as employee

well-being and motivation. Development discussions help identify employee suggestions and issues that need to be addressed.

In addition, the Company conducts an employee engagement and satisfaction survey, which allows it to systematically assess the employee experience and identify areas of strength and areas for improvement. Based on the findings, action items and responsible parties are identified, and the effectiveness of the implemented measures is monitored.

The Company also implements initiatives to foster internal culture and collaboration, which strengthen team cohesion and a sense of belonging. Employees are invited to participate in group events, including those involving family members (for example, the Riga RIMI 2025 Marathon, the "Stirnu buks" trail run, and the Unity Bike Ride). In addition, targeted events are organized, such as New Employee Days and Long-Service Employee Recognition Days, which foster a sense of belonging to the Company.

To address workplace-related issues, employees are also involved in the workplace risk assessment process, particularly in those workplaces and departments where specific workplace risks have been identified.

The representation of employees' interests and the promotion of social dialogue are also carried out within the framework of a

collective bargaining agreement, which addresses issues related to labor relations, social guarantees, and the work environment, thereby promoting clear and fair regulations governing labor relations.

S1-3

## **Processes for mitigating negative impacts and channels for raising concerns**

The Company ensures a safe, inclusive, and respectful work environment by identifying, preventing, and mitigating negative impacts on employees. The management of negative impacts and risks is implemented within the framework of the occupational safety and labour protection system, human resources management processes, internal control mechanisms, and day-to-day management practices.

Employees have several options available for raising concerns and filing complaints, including their direct supervisor, human resources specialists, trade union representatives, and the Ethics Committee. In addition, the Company provides a channel for anonymous reporting to the Management Board, as well as a whistleblowing mechanism in accordance with the procedures established by law.

Reports and complaints received are reviewed confidentially, in compliance with personal data protection requirements and ensuring a fair and objective review process. Where possible and appropriate to the nature of the situation, issues are primarily addressed within the relevant department, while sensitive and significant issues are reviewed by the Management Board. In certain cases, if the situation requires specific expertise or poses an increased risk to the Company or its employees, a crisis management specialist may be consulted.

Whistleblower reports and submissions to the Ethics Committee are reviewed in accordance with established procedures, ensuring the protection of the whistleblower.

S1-17

### **Incidents, complaints, and serious impacts on human rights**

In 2025, no incidents or confirmed complaints were recorded in the whistleblowing system regarding discrimination against staff, serious impacts on human rights, or other significant staff-related issues. Similarly, the Ethics Commission has not received any submissions regarding ethical violations.

S1-4

### **Actions related to impacts, risks, and opportunities affecting employees**

The Company implements targeted measures to manage the most significant impacts, risks, and opportunities related to its own personnel, particularly in the areas of occupational safety, health, employee recruitment and retention, professional development, as well as well-being and work-life balance.

Given the specific nature of the Company's operations and the heightened risks in the work environment, the Company implements a preventive occupational safety system based on regular risk identification and the development and implementation of an occupational safety action plan.

To mitigate risks related to workforce availability and the retention of qualified employees, the Company implements several human resources management measures. The Company conducts job evaluations and regularly assesses the alignment of its compensation system with labor market conditions, adhering to the principles of fair and transparent remuneration.

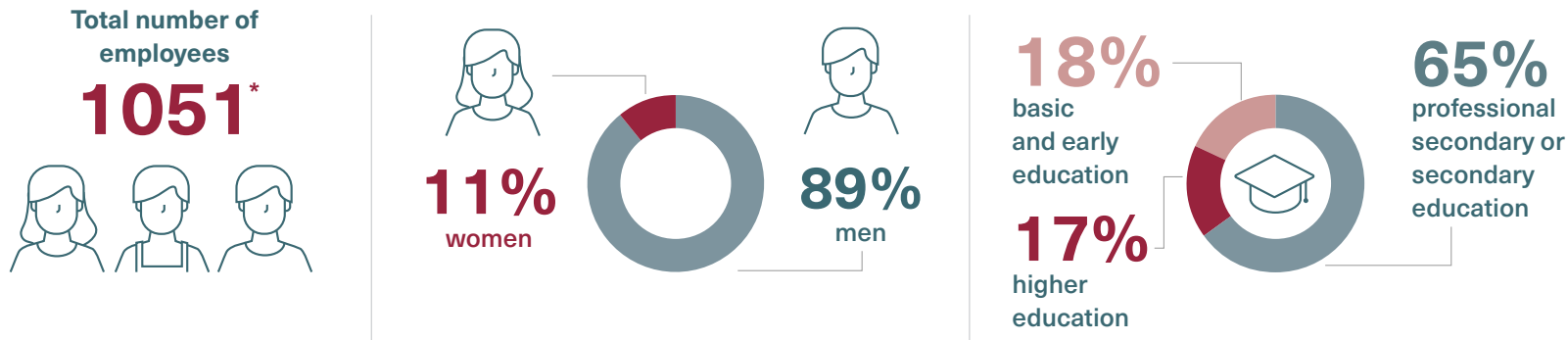
The Company is developing a succession planning program to ensure continuity in key positions, identify potential successors in a timely manner, and foster talent development.

The Company promotes employees' professional growth and the development of their competencies by providing a training system tailored to job requirements and the specifics of the work. In addition, the Company is developing partnerships with educational institutions to support the training of industry professionals, attract new specialists, and ensure the long-term availability of the necessary workforce.

The Company implements measures to improve employee well-being and reduce psycho-emotional risks, including organizing educational events on work-life balance, time management, and setting priorities. Employee well-being issues are also integrated into annual performance reviews and employee engagement and satisfaction surveys, ensuring that areas for improvement can be identified and targeted action plans established.

S1-6

## Profile of the Company's employees



### Employment contract for an indefinite term (permanent employees)

Administrative units	76	7 %
Production units (regions)	962	92 %
Women	110	10 %
Men	928	88 %

### Fixed-term employment contract (temporary employees)

Administrative units	3	0 %
Production units (regions)	10	1 %
Women	3	0 %
Men	10	1 %

\* Number of employees as of December 31, 2025

### Full time work

Administrative units	79	1 %
Production units (regions)	963	1 %
Women	107	10 %
Men	935	89 %

### Part-time work

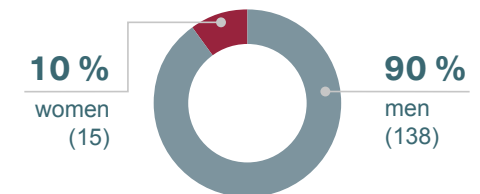


The Company employs **9 employees** – six women, three men

### Employee turnover rate

**0,19** (in 2025)

### New employees



S1-7

## Profile of freelance employees who are part of the Company's own personnel

The Company does not have any freelance employees on its staff.

S1-8

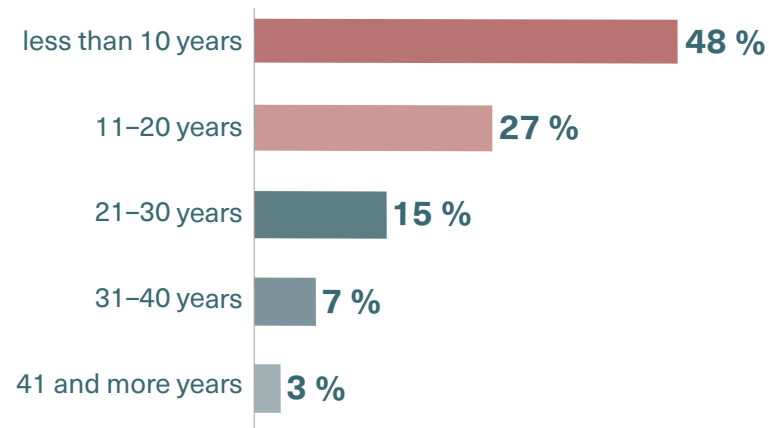
## Scope of collective bargaining and social dialogue

The purpose of a collective bargaining agreement is to balance the needs and wishes of employees with the employer's capabilities. The provisions of the collective bargaining agreement improve the legal status of employees and establish rules governing the commencement and termination of employment relationships, the organization of work and rest periods, working conditions, occupational safety, wages, and professional development, social guarantees and support for employees, as well as the principles of mutual cooperation. In early 2025, at the initiative of the Company's management, the Collective Bargaining Agreement and its annexes—the Rules of Work Procedure and the Regulations on the Remuneration System—were revised. The Collective Bargaining Agreement and its annexes were approved on May 7, 2025, at a general meeting of union representatives. The Collective Bargaining Agreement applies to all Company employees who have an employment contract for an indefinite term, and it serves as the basis for the Company's benefits package.

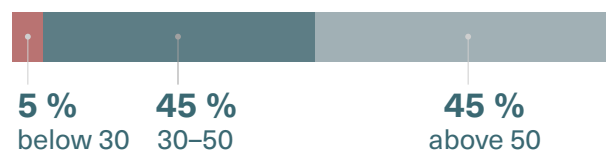
S1-9

## Diversity indicators

### LENGTH OF SERVICE



### AGE STRUCTURE OF THE EMPLOYEES



S1-10

## Adequate wages

The Company's remuneration model is based on an internal regulatory enactment – the Regulations on the Remuneration System – which aims to establish a uniform procedure for

determining, calculating, and reviewing the remuneration of the Company's employees.

### THE REMUNERATION SYSTEM IS BASED ON THE FOLLOWING FUNDAMENTAL PRINCIPLES:

- **internal equity** – remuneration determined fairly and in a manner comparable to other positions, based on the professional qualifications and experience required to perform the job duties, as well as the complexity of the work and the level of responsibility;
- **wages appropriate to the labor market** – wages set at a level sufficient to attract specialists in the field;
- **equal treatment** – the application of uniform principles in determining remuneration for all employees;
- **promoting employee behavior aimed at achieving the Company's goals** – compensation determined in accordance with the employee's contribution and results;
- ensuring that the amount of remuneration is **commensurate** with the Company's financial capabilities and budget.

Within the Company, positions are divided into salary groups. Each salary group—and, consequently, each position—has a set range for the base salary, taking into account prevailing market rates. In addition to the Company's business activities in the construction industry, it is also bound by the General Agreement for the Construction Industry, which was concluded with the Latvian Builders' Trade Union and regulates the wages and working hours of employees in the construction industry.

S1-16

## Remuneration indicators

A key indicator of gender equality is the ratio of the median total remuneration of women to that of men within a company. Within the Company, the difference between the average remuneration of women and men stems from the diversity of positions, experience, and responsibilities that employees hold, as well as the skills and certifications required to perform their job duties.

Remuneration indicators for 2025	Pay difference in the Company
Difference in wages between men and women*	<b>3 %</b>
The ratio of the highest-paid employee's total annual remuneration to the median total annual remuneration of all employees**	<b>318 %</b>
The ratio of the Chairman of the Management Board's average remuneration to the average salary of employees	<b>4.0:1</b>

\* *Calculated based on the ratio of the average gross hourly wage rate for men employed by the Company to the average gross hourly wage rate for women employed by the Company, expressed as a percentage.*

\*\* *Calculated based on the ratio of the gross annual remuneration of the Company's highest-paid employee (including all allowances, bonuses, etc.) to the median of the Company employees' annual total remuneration (excluding the highest-paid employee), expressed as a percentage. In determining the highest-paid employee, members of the Company's Management Board and Supervisory Board who are not employees within the meaning of the Labor Law and who have a fixed-term contract of authorization with a clearly defined remuneration are not taken into account. The data has not been externally verified.*

S1-11

## Social protection

The Company's employees are provided with the social protection stipulated by regulatory enactments, including state social insurance contributions and employment-related guarantees.

In addition to what is required by law, the Company provides employees with additional social protection measures, including accident insurance and health insurance for all employees, thereby promoting employees' health protection and financial security in the event of health-related risks.

An essential social protection tool at the Company is the current Collective Bargaining Agreement, which provides additional benefits and social guarantees to employees.

In addition to general labor regulations, the Collective Bargaining Agreement also provides support to employees in various life situations, such as additional vacation days to care for children, additional vacation days for participation in organizing winter season work, support for a child's first day of school, a benefit in the event of a close relative's death, as well as other social support measures.

S1-15

## Work-life balance indicators

Work-life balance indicators for 2025	Women	Men
Percentage of employees who are entitled to take leave for family reasons*, %	100 %	100 %
Number of employees who took child care leave	3	4

Company employees' professional skills, compliance with safety and regulatory requirements, employee development and increased motivation, as well as improved company efficiency and competitiveness.

In 2025, the Company's employees spent a total of 12,940 hours in training, of which 3,373 hours were spent by women and 9,567 hours by men. On average, each employee spent 7 hours per year in training.

During the reporting period, a total of 227 training sessions were provided to the Company's employees, of which 9 were internal sessions organized by the Company, 221 were external training sessions (chargeable) and 47 were external training sessions (free of charge). A total of 411 employees attended mandatory training (for professional development), spending a total of 3,162 hours in mandatory training.

In 2025, the planned development discussions were held with all employees of the Administrative Unit; in the regions, these discussions were held with department heads, construction managers, road foremen, and mechanics. In the second half of 2026, training sessions are planned for construction managers, road foremen, and mechanics on how to conduct development discussions with manual laborers; these sessions will begin in late 2026.

With the aim of promoting the professional skills and personal growth of the Company's talented employees, as well as creating an environment in which ideas and projects important to the Company can be implemented to improve work processes, in October 2024, the Company launched the **Growth Academy** project for the second time, which concluded in June 2025. This initiative provided 13 motivated and talented employees with the opportunity to develop essential competencies necessary for both individual and team growth, drawing on the expertise of both in-house professionals and external trainers.

S1-12

## Disabled persons

The Company does not collect data on employees with disabilities and does not request such information from employees.

S1-13

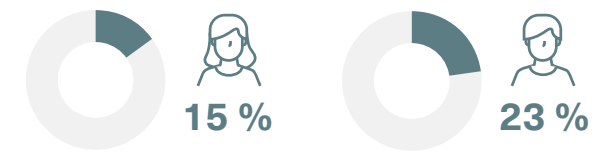
## Training and skills development indicators

Employee training is a strategic investment in the Company's development. Training ensures the improvement of the

**12 940**  
hours  
– time spent by  
the employees in training

**7**  
hours  
– spent on average  
by one employee  
in training

### PERCENTAGE OF EMPLOYEES WHO HAVE PARTICIPATED IN TRAINING (BY GENDER)



S1-14

## Occupational safety indicators

Although the Company does not have a certified occupational health and safety management system in accordance with the requirements of the ISO 45001 standard, the Company maintains an occupational safety system that complies with the requirements of this standard, enabling it to systematically reduce occupational health and safety risks within the organization. The occupational health and safety management system applies to all employees. The Company ensures the recording and investigation of accidents and near-misses and implements corrective measures. Accidents are recorded and investigated in accordance with the regulatory acts of the Republic of Latvia.

Occupational safety indicators for 2025	Number
Own personnel covered by the occupational health management system	<b>1051</b>
Number of deaths resulting from work-related injuries and illnesses	<b>0</b>
Number of work-related accidents to be reported	<b>7</b>
With regard to the Company's employees—the number of work-related illnesses (occupational diseases) to be reported	<b>2</b>

In 2025, there were no serious work-related accidents or fatalities at the Company. In 2025, the Company recorded a total of 7 workplace accidents, of which 1 was related to a traffic accident and 6 were related to workplace injuries that were not classified as serious. In 2025, no near-miss incidents were identified, while occupational diseases were confirmed in 2 employees.



## S4 Clients and road users

### S4-1 Policies and principles for client and user safety

Road user safety is an integral part of the Company's core operations and one of its top priorities. Road user safety in the Company's operations is ensured within the framework of the Company's contractual obligations and in accordance with applicable external regulatory acts governing road maintenance, construction work, and traffic management.

The Company does not engage in road traffic safety policy planning or the establishment of traffic safety measures at the national level, however, it ensures that the road maintenance and construction work it carries out is performed in accordance with applicable laws and regulations, technical regulations, quality standards, and occupational safety and environmental protection requirements.

Informing and engaging clients and road users in the Company's activities is integrated into the execution of day-to-day processes and is carried out in accordance with the Company's principles of corporate governance, communication, and sustainability.

### S4-2 Processes for identifying risks and engaging stakeholders

The Company identifies potential safety risks to road users within the scope of its responsibilities by using daily operational monitoring and information received from the incident log of the UVIS system operated by VSIA "Latvijas Valsts ceļi" (hereinafter referred to as LVC), as well as from the public. LVC forwards information provided by road users regarding traffic hazards requiring a three-hour response 24/7 to the Company for immediate action. In certain cases, the Company also receives reports directly from residents regarding road conditions, traffic safety hazards, and other road maintenance-related issues in writing, as well as by telephone and via social media. As part of its external communications, the Company regularly informs the public about its operations, achievements, the services it provides, and the results of those services, as well





as about state highway maintenance work and traffic restrictions. These communications emphasize the Company's role in ensuring safe and uninterrupted traffic throughout Latvia. Various communication channels are used to keep the public informed, including the Company's website, social media platforms (Facebook, LinkedIn, X), as well as collaboration with the media through press releases, interviews, and commentary on industry news.

The number of media mentions of the Company averages 50–100 publications per month, while the Company publishes an average of about 15 posts per month on its social media channels. No thematic communication campaigns were carried out during the reporting year; instead, communication was provided on an ongoing basis in response to current events and the public's information needs.

Feedback from the public and clients is gathered through social media channels, direct communication channels, and the media.

In order to systematically gather feedback on the quality of the commercial services provided and to identify areas for improvement, the Company conducts direct client surveys. These surveys assess the level of client satisfaction with the Company's services, analyze the Company's strengths, and compile client suggestions for future improvements. The results are used to improve work performance, enhance professionalism, and raise the quality of services.

#### ROAD USER COMMUNICATION CHANNELS

 <p>Letters</p>	 <p>Phone calls</p>	 <p>Social networks</p>
 <p>Indirectly through the LVC Traffic Information Center, 24/7</p>		

S4-3

## Mitigating negative impacts on client and user safety

The information received regarding potential safety hazards for road users is evaluated by the Company and used to **organize appropriate measures, within the scope of its competence, to mitigate potential risks.**

If the report received contains information about a traffic hazard on the state road network, the Company immediately forwards this information to the responsible employees so that they can inspect the road and, if necessary, carry out urgent work to ensure the safety of the road and its users. Depending on the situation, operational work is carried out, such as repairing road surface damage, removing obstacles, implementing safety measures, or other actions provided for in contractual obligations and regulatory enactments.

In addition to operational measures, the Company ensures **clear and timely communication with the public** to mitigate risks that may arise from a lack of information and to promote road users' understanding of safe behavior during road maintenance and construction work.

To ensure a common understanding of how to organize safe work on the road, the Company regularly conducts **employee training on traffic management during construction work and on equipping road work sites** in accordance with regulatory requirements. The training sessions are attended by regional branch managers, construction managers, road foremen, and employees of the Resources Department.



S4-4

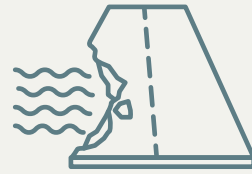
## Indicators and feedback

In 2025, the Company received 113 written reports from road users and other stakeholders regarding road conditions, traffic safety, and other issues related to road maintenance, including information that falls outside the Company's competence.

Upon reviewing the submissions received, approximately 60% of the cases concerned issues that fell within the Company's area of responsibility and were addressed within the framework of the Company's contractual obligations. In the remaining 40% of cases, where the submissions fell wholly or partially outside the Company's jurisdiction, the information was forwarded to the relevant authorities for review based on jurisdiction—for example, regarding sections where the Company does not perform work, changes to traffic organization, reconstruction and development, and other matters within the jurisdiction of road management authorities.

113

Number of written submissions received from road users in 2025

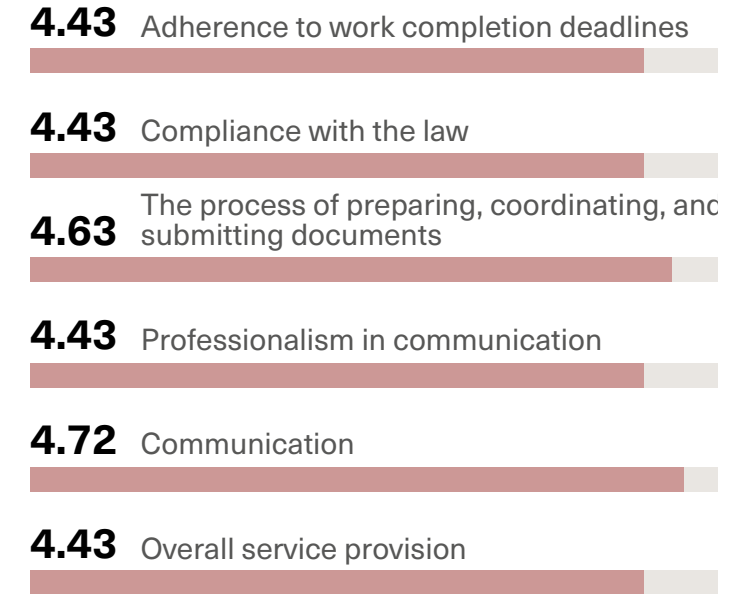


In 2025, the Company received information from LVC **1,789 times** regarding traffic hazards that required an immediate response within three hours

The Company uses client surveys on the quality of road maintenance and construction work as an important feedback tool. In these surveys, clients evaluate the service delivery process as a whole, communication, professionalism, compliance with regulatory requirements, and project deadlines, including aspects that indirectly affect road user safety.

Survey results are analyzed and used to improve the Company's work planning, service quality, and communication. Client satisfaction indicators serve as one of the tools for assessing the Company's credibility and service quality.

### RATING BY CLIENTS IN 2025



The goal set out in the 2025 Action Plan—a client rating of at least 4.3 (on a 5-point scale) for the commercial services provided—has been achieved across all evaluated criteria. **Average rating – 4.51.**



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# Governance

# Sustainability governance

GOV-1, GOV-2

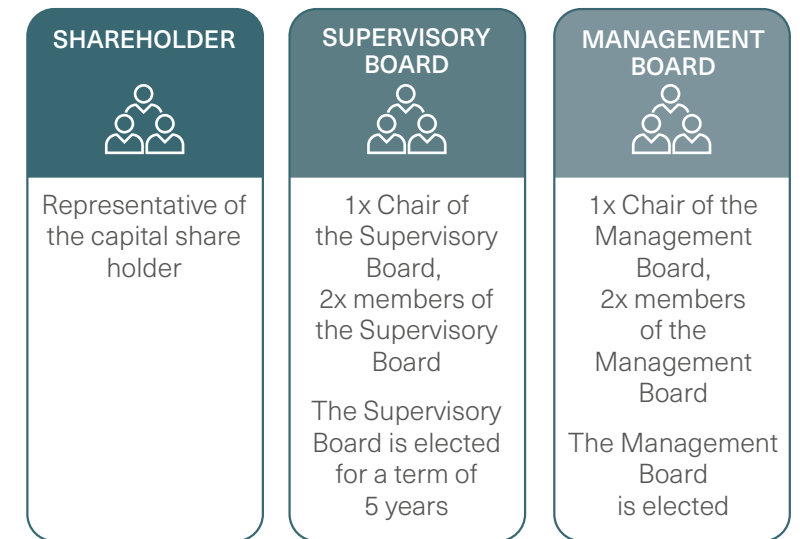
## Functions of administrative, management, and supervisory bodies

Corporate governance is organized and implemented in accordance with good governance practices, using a transparent and understandable operating model and support tools that are enshrined in the internal regulatory document, the Corporate Governance Policy. Corporate governance is exercised by the Shareholders' Meeting, the Supervisory Board, and the Management Board, based on the Commercial Law, the Governance Law, and other laws of the Republic of Latvia, as well as the Company's Articles of Association and the regulations of the Supervisory Board and the Management Board. Since the Supervisory Board and the Management Board perform their governance duties in full composition, no separate committees have been established within the Company.

The organizational structure is one of the elements of the corporate governance system. Decisions regarding the Company's organizational structure are made by the Management Board in accordance with the procedures established by the Company regarding the principles for establishing the organizational structure. Organizational units are established to perform specific functions and tasks. When approving the organizational structure, the Management Board simultaneously defines the division of responsibilities among the members of the Management Board and the structural units under the supervision of each member.

### THE FOLLOWING ARE ESTABLISHED FOR STRUCTURAL UNITS:

- administrative subordination—direct subordination to a higher-level structural unit in the hierarchy;
- functional subordination—through which the supervision and control of the performance of functions is exercised.



In 2025, changes have been made to the Company's organizational structure to ensure the efficient operation of its commercial functions under free-market conditions, to define the tasks and responsibilities necessary for carrying out these commercial functions, and to redistribute them among the structural units.

## Shareholder

The state owns 100% of the Company's shares, which are held by the Ministry of Transport, which is also the Company's shareholder. The shareholder exercises management of the Company alongside the Shareholders' Meeting, the Management Board, and the Supervisory Board within the scope of authority established by the Governance Law. Decisions falling within the authority of the Company's Shareholders' Meeting are made by the representative of the state shareholder (Elīna Šimiņa-Neverovska, Deputy State Secretary of the Ministry of Transport).

### MAIN DUTIES OF THE SHAREHOLDERS' MEETING:

- appoint and remove members of the Supervisory Board, and determine their remuneration;
- approve amendments to the articles of incorporation and decide on reorganization;
- decide on changes to the Company's share capital;
- approve the annual report and the distribution of profits;
- appoint an auditor and decide on the auditor's compensation.

The Management Board must obtain prior approval from the Shareholders' Meeting on matters concerning the key terms for

determining employee remuneration, the payment of benefits and compensation, the reimbursement of expenses, bonuses, and other financial incentives, the maximum amount of monthly salaries (wages), and the acquisition, disposal, or encumbrance of real estate with rights in rem, and the approval of the medium-term internal audit strategic plan and the annual audit plan.

### KEY SUSTAINABILITY-RELATED ISSUES DISCUSSED AT SHAREHOLDERS' MEETINGS IN 2025:

- on the terms and conditions for the Company's employees' remuneration, bonuses, allowances, and other forms of financial incentives;
- on the Company's 2024 annual report, operating results, and appropriation of profits (including the Sustainability Report);
- on the self-assessment of the Company's Supervisory Board for 2024;
- on the implementation of the resolutions of the Shareholders' Meeting;
- on the approval of the draft letter regarding the 2026–2028 medium-term operational strategy period for the State Joint-Stock Company "Latvijas autoceļu uzturētājs";
- on the final assessment of the Company's 2024 operating results.

2025	Number of meetings/ hearings	Number of decisions adopted
Shareholders' Meetings	5	18
Board of Directors Meetings	19	108
Executive Board Meetings	61	388

## The Supervisory Board

The Shareholders' Meeting elects the Supervisory Board, which in turn elects the Management Board and serves as its supervisory body. The Company's Supervisory Board represents the interests of the Shareholders between Shareholders' Meetings and oversees the activities of the Company's Management Board, participates in the Company's strategic development, and supervises the financial and risk management systems. The Company's Supervisory Board organizes its work in accordance with the concluded delegation agreements, the Rules of Procedure of the Supervisory Board, and the Supervisory Board's annual work plan, in compliance with the Governance Law, other legal acts, and the Company's Articles of Association.

### KEY ISSUES RELATED TO SUSTAINABILITY DISCUSSED AT MEETINGS OF THE SUPERVISORY BOARD IN 2025:

- approved the 2025 budget, Capital Investment Plan, Procurement Plan, and Action Plan, and monitored their implementation;
- approved the 2024 Annual Report, the Corporate Governance Statement, and the Sustainability Report;

- approved key performance indicators for internal audit; developed the annual internal audit plan for 2025; monitored its implementation; reviewed internal audit reports;
- approved the Human Resources Policy;
- at each Supervisory Board meeting, management reports on occupational safety and current business issues were reviewed;
- the conclusion of various commercial transactions and LAU's ongoing litigation were evaluated;
- the annual Risk Management Report was reviewed;
- monitored the progress of the IPO process and submitted reports to the Ministry of Transport;
- monitored the implementation of decisions and tasks adopted at Supervisory Board and Shareholder meetings;
- monitored and evaluated the performance of the Management Board, etc.

**19 meetings of  
the Supervisory Board**

**were held in 2025**



## The Supervisory Board



### RENĀRS GRIŠKEVIČS

Chairman of the Supervisory Board, Independent Member of the Supervisory Board

Term of office: 26.10.2021 – 25.10.2026. **Area of responsibility** on the Company's Supervisory Board – road infrastructure maintenance issues, management of stakeholders, the Company, and the team. **Experience:** more than ten years of experience in leadership positions, including at the international level. **Education:** Master's degree in European Studies and Bachelor's degree in International Business Management from the University of Latvia. **Other positions:** Chairman of the Board of the State Joint-Stock Company "Valsts nekustamie īpašumi," representative on the Steering Committee of the European organization "The Public Real Estate Network".



### ANDRIS VANAGS

Member of the Supervisory Board, Independent Member of the Supervisory Board

Term of office: 26.10.2021 – 25.10.2026. **Area of responsibility** on the Company's Supervisory Board – strategy development and implementation, corporate governance. **Experience:** many years of experience in leadership positions and as a lecturer at Latvian universities. **Education:** Ph.D. in Management from Turība University, as well as Master's and Bachelor's degree in Engineering from the Faculty of Chemical Technology at Riga Technical University. **Other positions:** Deputy Chairman of the Supervisory Board of AS "Sakret Holdings," member of the Supervisory Board, Chairman of the Supervisory Board of Riga Technical University, and associate professor at Turība University.



### JEVGENIJS BELEZJAKS

Member of the Supervisory Board, Independent Member of the Supervisory Board

Term of office: 26.10.2021 – 25.10.2026. **Area of responsibility** on the Company's Supervisory Board – issues related to finance, auditing, risk management, and internal control systems. **Experience:** extensive experience in leadership positions, including at companies in the financial sector. **Education:** Master's degree in Business Administration from the Riga Technical University (RTU) Riga Business School, as well as a Bachelor's degree in Business Administration from the Riga International School of Economics and Business Administration. **Other positions:** Chairman of the Supervisory Board of AS "Rīgas siltums," Chairman of the Supervisory Board of SIA "Getliņi EKO," Member of the Management Board of SIA "Belconsult," and Member of the Board of the association "SI ALUMNI LV EE".

During the reporting period, the Supervisory Board operated in full composition of three members; **there were no changes** to the Supervisory Board's composition. Currently, all members of the Supervisory Board are men. The term of office for Supervisory Board members is five years.

## The Management Board

As the executive body of the capital company, the Company's Management Board ensures the management of capital shares in day-to-day operations. The Management Board manages and represents the Company in accordance with the Governance Law and the Commercial Law, other external and internal regulatory enactments, as well as in accordance with the decisions of the Shareholders' Meeting, the Supervisory Board, and the Management Board. The principles of operation and main duties of the Management Board are set forth in the Company's Articles of Association and the Management Board's Rules of Procedure. In accordance with the Articles of Association, the Company's Management Board consists of three members—the Chair of the Management Board and two other members—who are elected to serve a five-year term. Both genders are represented on the Company's Management Board.

### MAIN DUTIES OF THE MANAGEMENT BOARD:

- to manage and represent the capital company;
- to prepare the annual budget and reports on budget execution;
- to prepare a medium-term operational strategy, an action plan for its implementation, and reports on the implementation of the action plan;

- to approve the LAU's organizational structure, establish procedures for the organization of operations within structural units and for the conduct of commercial activities, and approve the LAU's internal regulations;
- to ensure that the Company's commercial activities comply with laws, the articles of incorporation, and the decisions of the Supervisory Board and the shareholder;
- to manage the Company's assets;
- to review matters related to planned procurements, approve and amend the procurement plan, and review reports on the implementation of the procurement plan;
- to approve the regulations for major procurement procedures and their results;
- to make decisions on the results of price inquiries for financing the capital company's transactions;
- to review matters related to the internal control system and risk management;
- to review various issues related to sustainability, etc.

The Management Board organizes its work according to a functional principle: each member of the Management Board is responsible for a specific area of activity in accordance with their professional knowledge, experience, and competencies in the relevant area of responsibility. The Management Board approves the Company's organizational structure, including the specific allocation of responsibilities among Management

Board members and the Company's structural units under the supervision of each Management Board member, as well as the delegation of authority among Management Board members regarding the right to sign documents and conclude transactions.

**The Chair of the Board** is responsible for general and strategic management, human resources management, risk management, legal compliance, and responsible procurement.

**The member of the Supervisory Board responsible for commercial operations** is in charge of commercial development, resource procurement, transportation, and production.

**The member of the Supervisory Board responsible for financial management** is in charge of financial management, information technology management, information security, and real estate management.

## The Management Board



### VILNIS VITKOVSKIS

Chairman of the Management Board

V. Vitkovskis has held this position since November 24, 2017. The Chairman of the Board is responsible for the Human Resources Department, the Administrative and Legal Department, the Public Procurement Department, the strategic management process, and the communications process.

V. Vitkovskis has more than ten years of experience in senior management positions, as well as extensive experience in managing large-scale infrastructure projects and in international cooperation at the Liepāja City Council, Liepāja University, and the Kurzeme Planning Region.

**Education:** Master's degree in Business Administration from the joint program of the University of Mannheim Business School (Germany) and ESSEC Business School (France). Professional Bachelor's degree in Business Administration from the Riga International School of Management and Business Administration.



### ILZE BUKULDE

Member of the Management Board

I. Bukulde has held this position since March 3, 2023. She is responsible for the Finance Department, the Information Technology Division, Information Systems Security, and the Real Estate Division. I. Bukulde has more than 15 years of experience as a senior and mid-level manager, having worked in the finance, wood processing, cogeneration, sales, logistics, and real estate development sectors. She served as a member of the Management Board at seven PATA Group companies, also fulfilling the duties of Chief Financial Officer and Chief Operating Officer. Prior to that, she held various positions at AS SEB Bank, including Head of the Large Corporate Client Segment in the Business Development Department, where she was responsible for developing and implementing the bank's overall strategy, and served as a member of the bank's Credit Committee and Business Committee. In 2025, she also serves as a member of the Supervisory Board of SIA Rīgas Nami.

**Education:** Professional Master's Degree with Distinction in Business and Organizational Management and Finance from the Riga Business School at Riga Technical University; Master's Degree in Social Sciences in Economics from the University of Latvia; and Bachelor's Degree in Social Sciences in Management from the University of Latvia.



### ARMANDS BEIZIĶIS

Member of the Management Board

A. Beiziķis has held this position since August 26, 2025. As a member of Management Board, he oversees the Production Department, the Support Department, the Commercial Projects Management Division, and the Commercial Services Sales and Procurement Division. A. Beiziķis has more than 19 years of experience in management positions at an international company in the fuel retail sector. From 2019 to 2025, he served as CEO and Chairman of the Management Board of SIA Neste Latvija, ensuring stable growth, the implementation of investment projects, the advancement of sustainability, and the introduction of digital innovations.

**Education:** Professional Master's Degree in Economics with a specialization in Financial Management, Banking Academy. Higher Professional Qualification in Economics with a specialization in Banking, BA School of Business and Finance. He has furthered his knowledge through programs in international management and Supervisory Board membership, including at IMD (Switzerland), the Baltic Institute of Corporate Governance, and NGL Riga.

ESRS 2 GOV-2

## **Information provided to the Company's administrative, management, and supervisory bodies, and sustainability issues addressed by these bodies**

The management of the impacts, risks, and opportunities (IRO) related to sustainability issues is integrated into the Company's strategic objectives, policies, regulations, and operational processes, and oversight of these issues is carried out as part of the implementation and monitoring of strategies and operational plans. Members of the Management Board are responsible for implementing sustainability issues in accordance with the established division of responsibilities. To ensure more effective management of the issues under their responsibility, members of the Management Board are authorized to issue orders and provide binding instructions within their areas of responsibility.

Department and process managers are responsible for achieving the goals of their respective departments and processes, as well as for managing risks and opportunities. The coordination of sustainability issues and the compilation of information (including the preparation of the sustainability report) is ensured by the strategic management process manager, who organizes thematic working groups to examine sustainability-related issues, verify data, and review the prepared reports. The Company's Management Board allocates the necessary

resources for the management of sustainability issues and, at its meetings, reviews regular reports from the responsible departments on various sustainability issues.

One of the tasks of the Company's Supervisory Board is to approve key policies that define the Company's operating principles regarding corporate governance, risk management, the prevention of corruption and conflicts of interest, ethical conduct, compensation, internal audit, disclosure, circulation, and confidentiality of information, whistleblowing, fair competition, diversity, sustainability, processing of personal data, and others. To ensure the effective implementation of policies, the Management Board and the Supervisory Board oversee policy implementation by regularly reviewing financial statements, non-financial reports, and other matters at their meetings. The Management Board reviews policies at regular intervals and, if necessary, initiates appropriate changes. Similarly, once a year, along with its annual report, the Company prepares a Corporate Governance Statement and a Sustainability Report covering all of the Company's most significant sustainability aspects.

Sustainability issues are also taken into account in the development of the strategy. In a letter dated September 17, 2025, regarding the development of the Company's medium-term business strategy, the shareholder has set various sustainability-related goals for the Company to be included in the strategy.



GOV-3

## **Incorporating sustainability-related performance results into incentive schemes**

Each year, the Supervisory Board sets individual annual goals for the members of the Management Board (including financial and sustainability goals) and determines their weighting. At the end of the evaluation period, members of the Management Board conduct a self-assessment based on the established performance objectives, competencies, and other indicators, and submit it to the Supervisory Board for review. The Supervisory Board evaluates the Company's annual performance results and the self-assessments of the Management Board, and adds its own assessment—which is the decisive factor—to determine whether to award bonuses or the variable portion of compensation to Management Board members.

The individual annual goals for 2025 for the members of the Management Board were approved on April 17, 2025 (for the Chairman of the Management Board, V. Vitkovskis, and member of the Management Board, I. Bukulde) and on October 27, 2025 (for member of the Management Board A. Beizikis).

GOV-5

## **Risk management and internal controls related to sustainability reporting**

The Company has established and operates an internal control system and ensures comprehensive risk management. The Risk Management and Internal Control System Policy, revised

in 2024 (hereinafter referred to as the "Policy") sets forth the fundamental principles of the risk management and internal control system, as well as the allocation of responsibilities for the timely identification and management of risks affecting the Company's operations. The Policy is aimed at ensuring the achievement of strategic objectives and sustainable development, as well as mitigating potential losses and reputational risks.

In managing risks and overseeing the internal control system, the Company adheres to the principle of three lines of defense. The Supervisory Board, the Management Board, the Internal Audit Department, the risk management specialist, process owners, and every employee of the Company are involved, within the scope of their respective responsibilities, in ensuring the risk management and internal control systems.

Risks identified in the Company's operations and risks related to sustainability issues are recorded in the overall risk register.

Sustainability-related risks are assessed in the same way as other strategic, operational, and other types of risks. Consequently, they are neither more nor less of a priority than other previously identified types of risks. Risks and their assessments are reviewed at least once a year, while high and very high risks are monitored continuously through the implementation of necessary controls or risk mitigation measures. A comprehensive report on risk management is prepared annually and reviewed at the meetings of the Management Board and the Supervisory Board. If necessary, additional risk assessments are conducted and supplementary risk mitigation measures are implemented.

With regard to sustainability reporting, the Company has assessed its data collection and processing procedures and identified areas for improvement, which, once implemented, would further enhance the accuracy and reliability of the information provided. To ensure the most effective management of sustainability data possible, the Company began implementing a unified resource and financial accounting management system in 2025, which is scheduled for completion in 2026, thereby significantly reducing the likelihood of data processing errors. At the same time, the Company provides employees with opportunities to develop their competences in sustainability issues and the preparation of sustainability reports, thereby promoting responsible and consistent sustainability reporting practices.

# G1 Business

The Company's overall governance system, as well as the division of responsibilities and authorities among its administrative, management, and supervisory bodies, are described in the section "Sustainability governance (ESRS GOV 1 and GOV 2)". Fair and ethical business conduct, as well as the prevention of corruption and conflicts of interest, are recognized as among the most important sustainability issues both within the Company and in the assessment by stakeholders. In this section, the Company provides information on business practices, business conduct, the management of relationships with business partners, the prevention of corruption and conflicts of interest, political neutrality, and engagement in public policy, in accordance with the requirements of the EU SRS G1 "Business".

G1-1

## Business Policy and Corporate Culture

In its operations, the Company adheres to the principles of fair, transparent, and ethical business conduct, which are enshrined in the Company's internal policies and regulatory framework. These policies form a unified governance framework aimed at ensuring sustainable business operations, preventing unethical

practices, and strengthening stakeholder confidence in the Company's operations.

### Policy framework, development, and approval

THE COMPANY HAS DEVELOPED AND IS IMPLEMENTING POLICIES THAT ESTABLISH PRINCIPLES OF FAIR AND ETHICAL BUSINESS CONDUCT AND BUSINESS PRACTICES, INCLUDING:

- Corporate Governance Policy;
- Ethics Policy;
- Supplier Code of Ethics;
- Donation Policy;;
- Internal regulations governing procurement procedures, commercial processes, and the selection of suppliers and subcontractors.

The implementation of the principles of fair and ethical business practices is also supported by the Company's Risk Management Policy, which ensures the identification, assessment, and management of material risks at all levels of the Company's operations.

These policies are developed at the level of the Company's Management Board and, after approval by the Management Board, are submitted to the Company's Supervisory Board for approval, thereby ensuring oversight and the appropriate allocation of responsibilities at the highest level of management.

The purpose of this policy is to ensure that the Company's operations are conducted in accordance with the requirements of laws and regulations, as well as high standards of ethics and good governance, while minimizing the risks of corruption, conflicts of interest, and other forms of misconduct.

### Scope of policy application and implementation in practice

The principles of fair and ethical business conduct apply to all Company employees and officers and are also integrated into cooperation with external partners. The Company ensures that procurement and commercial processes are organized transparently, in accordance with the principles of equal treatment, objectivity, and risk assessment of sanctions.

The Company applies internal regulations that set forth the procedures for organizing procurement and evaluating business partners. To monitor compliance with these policies, the Company regularly conducts internal audits of various processes to identify potential shortcomings and promote continuous process improvement.

### Informing and training employees

To ensure the practical implementation of the policy in day-to-day work, the Company regularly provides employee training on ethical principles and issues related to ethical business practices. The training is aimed at promoting understanding of the Company's ethical standards, reinforcing responsible behavior, and enabling the timely identification of potential risks.

G1-2

## Management of relationships with suppliers

The Company manages its relationships with business partners in accordance with the principles of fair, responsible, and transparent business practices. The Company has implemented processes and internal regulations that govern the selection of suppliers and subcontractors, the organization of procurement, and the monitoring of cooperation.

To ensure uniform standards of ethics and responsible conduct throughout the supply chain, the Company has adopted a **Supplier Code of Ethics**, which sets forth the requirements for cooperation with suppliers and subcontractors. The Code requires that suppliers adhere to the principles of fair business practices in their operations, reject corruption, bribery, and conflicts of interest; respect internationally recognized human rights and labor standards; promote environmental protection; and ensure the protection of information and personal data.

The Company calls on suppliers to make reasonable efforts to comply with the principles set forth in the Code and to ensure that these principles are also applied in the activities of their subcontractors and business partners. Significant violations of the Supplier Code of Ethics may serve as grounds for terminating a business relationship or refusing to enter into one.

G1-3

## Prevention of corruption and conflicts of interest

The Company ensures the prevention of corruption and conflicts of interest by implementing its Policy on the Prevention of Corruption and Conflicts of Interest and by maintaining an internal control system for managing the risks of corruption and conflicts of interest. The Company's Management Board as a whole is responsible for implementing the policy and ensuring its effectiveness within the Company.

The objective of this policy is to ensure the timely identification, assessment, and mitigation of risks related to corruption and conflicts of interest at all levels of the Company's operations, in accordance with the requirements of applicable laws and regulations and the principles of good governance.

The Company has established an internal control system, within which the Internal Control System Commission operates. The Committee oversees the implementation of policies, identifies risks related to corruption and conflicts of interest, determines which processes and positions are at risk, and monitors the implementation of control measures.

To prevent conflicts of interest among public officials, the Company has implemented internal regulations governing the disclosure of conflicts of interest, the holding of multiple positions, and procedures to be followed in the event of potential violations. The Company provides regular training for employees and officials on preventing corruption and avoiding conflicts of interest, promoting awareness and appropriate conduct in day-to-day work processes.

The Company operates an internal whistleblowing system that allows employees, officials, and external parties to report potential violations. The Internal Control System Commission ensures the operation of the whistleblowing system in accordance with the requirements of regulatory acts regarding the protection, anonymity, and confidentiality of whistleblowers.

G1-4

## Incidents of corruption or bribery

During the reporting period, no confirmed cases of corruption, bribery, or related violations were identified at the Company.

G1-5

## Political influence and lobbying activities

The Company does not engage in political lobbying, is not registered as a lobbying entity, and does not pay for lobbying services. The Company does not provide financial or other support to political parties or political campaigns. The Company has established an internal policy of political neutrality.

At the same time, within the scope of its professional expertise, the Company participates in industry organizations, expert working groups, and consultative platforms, contributing to issues related to industry standards, traffic safety, and infrastructure development. Such participation takes the form of neutral expert involvement, rather than the representation of political or commercial interests.

LAU-1

## Cybersecurity and data protection

As a result of the double materiality assessment, cybersecurity and data protection have been identified as a material issue for the Company. This issue is closely linked to the Company's business continuity, reputation, the trust of its clients and business partners, as well as compliance with regulatory requirements.

### Cybersecurity

Cybersecurity is an essential element of the Company's resilience and responsible governance, ensuring the security of information systems and the Company's ability to provide services without interruption. The Company is aware of the risks in the digital environment and implements measures to reduce the likelihood of cybersecurity incidents and their potential impact.

The Company's cybersecurity management is overseen by the Information Systems Security Manager, while the Management Board is notified in the event of a significant incident. The cybersecurity management approach and internal regulations are reviewed once a year or following significant changes. At the end of 2025, a review and update of all ICT-related regulations was initiated.

The Company has established an incident response procedure that provides for the identification, containment, mitigation, and

documentation of incidents, as well as reporting to the competent authorities when necessary.

The Company has developed and implemented an Information and Communication Technology and Information Security Policy that sets forth the management principles and requirements for the protection of the information resources under the Company's control. The policy and related internal regulations include measures to ensure the confidentiality, integrity, and availability of information, as well as to mitigate the impact of incidents.

The Company implements technical and organizational cybersecurity measures, including access rights management, multi-factor authentication, regular backups and restoration testing, system log monitoring, and other measures to identify potential threats in a timely manner and mitigate the risk of incidents.

The Company regularly assesses cybersecurity risks, taking into account the criticality of information systems, the potential impact on service continuity, and the processing of sensitive information. The risk assessment analyzes the most significant threat scenarios, vulnerabilities, and their potential consequences, and identifies appropriate risk mitigation measures.

In 2025, the most common cybersecurity threat was phishing attacks carried out via email, including both mass attacks and

targeted attacks on individual employees. No significant cybersecurity incidents were detected at the Company.

To strengthen the cybersecurity culture and employee awareness, the Company conducted employee training and provided ongoing updates on current threats, including topics such as the signs of phishing attacks and how to recognize them.

In late 2024, the Company launched an internal audit to assess the compliance of its cybersecurity process with regulatory requirements and to evaluate the process's ability to protect the Company's information against threats. The audit was completed in early 2025. The content and conclusions of the audit are classified information and are not disclosed in this report.

After assessing the risks associated with external partners and suppliers, the Company applies requirements to IT service providers and data processors, including—depending on the specifics of the contract—requirements for data protection, access restrictions, requirements for timely incident reporting, and ensuring service continuity.

## Data protection

Personal data protection is an integral part of the Company's information security system and complements cybersecurity measures, strengthening the Company's digital resilience and compliance with regulatory requirements.

Company has developed and approved a **Privacy Policy** that explains the purposes and basic principles of personal data processing, as well as the protective measures implemented by the Company. The Privacy Policy is publicly available on the Company's website.

The Company processes personal data related to employees, clients and contact persons of business partners, as well as video surveillance recordings. Personal data is processed to ensure the administration of employment relationships, the fulfillment of contractual obligations, the provision of services, customer service, and the security of the Company and its property. In processing personal data, the Company complies with the laws and regulations in force in the Republic of Latvia and European Union legislation, including the General Data Protection Regulation (GDPR), as well as the guidelines issued by supervisory authorities. To ensure effective and responsible data management, the Company has established a Personal Data Processing Working Group, whose task is to maintain an up-to-date register of personal data processing purposes in the

document management system and to prepare proposals for improving data protection.

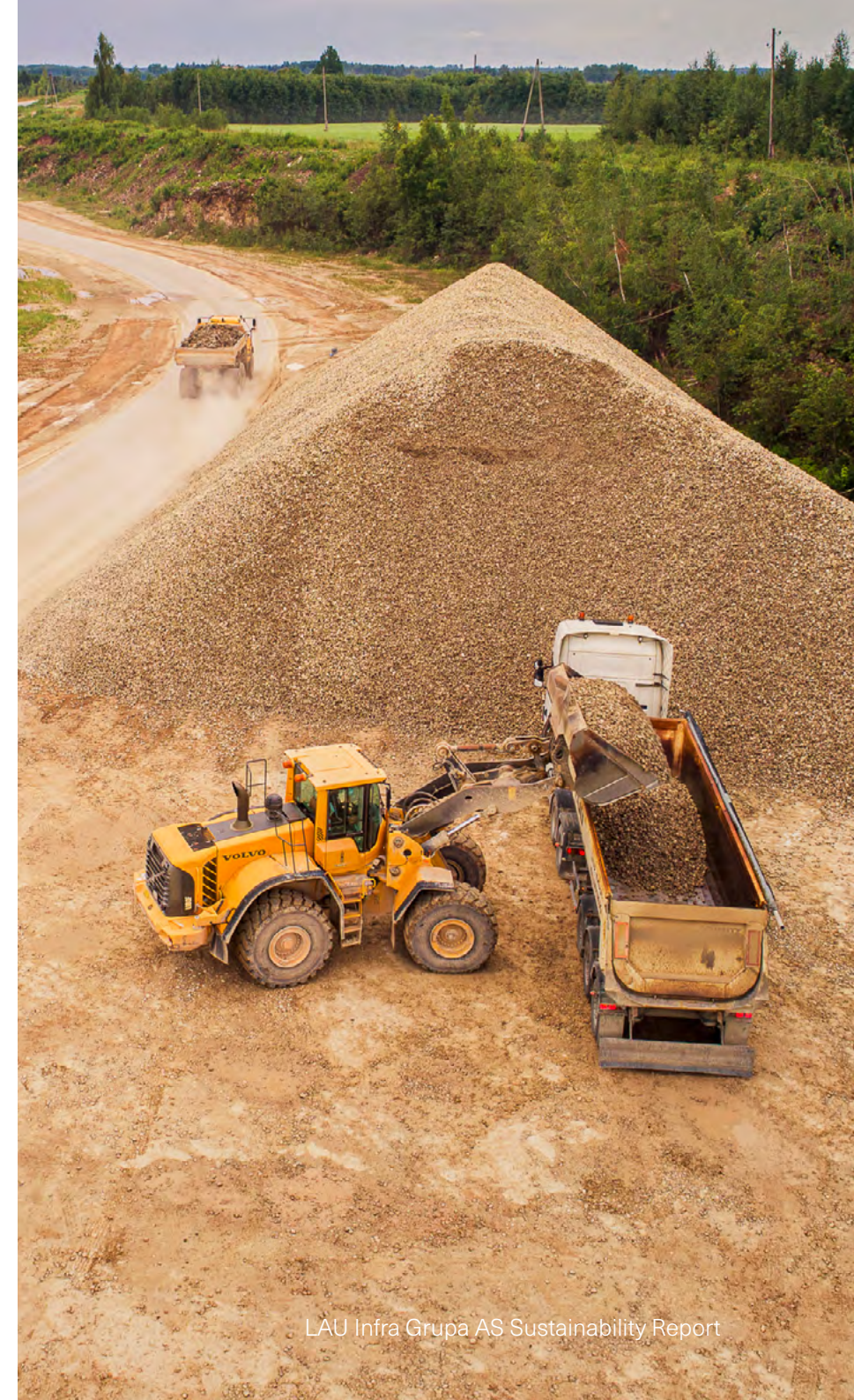
The Company has also appointed a data protection specialist who informs and advises employees on data protection matters and monitors compliance with the General Data Protection Regulation, the Personal Data Processing Law, and internal regulations. Data protection mechanisms complement cybersecurity measures, strengthening the Company's ability to protect information and promote digital resilience.

In the event of a personal data protection incident, the Company acts in accordance with the established incident management procedure, assessing the potential impact of the incident and the need to report it to the State Data Inspectorate within the timeframes specified in regulatory enactments.

During the reporting period, the Company did not identify any personal data protection violations or significant incidents.



During the reporting period, the Company did not identify any personal data protection violations or significant incidents.



GOV-4

## Due Diligence Statement

Key elements of due diligence	Sections of the Sustainability Report
<p><b>a) Incorporating due diligence into management, strategy, and the business model</b></p>	<p>Company strategy General information – Management of sustainability issues</p>
<p><b>b) Involvement of affected stakeholders</b></p>	<p>General information – Cooperation with stakeholders E1 Climate Change – Significant impacts, risks, and opportunities; Operations and resources E2 Pollution – Significant impact, risks, and opportunities; Policies E4 Biodiversity and ecosystems – Significant impact, risks, and opportunities; Policies E5 Resource utilization and the circular economy – Significant impact, risks, and opportunities; Policies S1 Own personnel – Interests and views of stakeholders; Processes for engaging own personnel and employee representatives S3 Affected communities – Interests and views of stakeholders; Processes for engaging affected communities S4 Patērētāji un tiešie lietotāji – Interests and views of stakeholders; Processes for engaging consumers and end users G1 Business – Management of supplier relationships</p>
<p><b>c) Identification and assessment of adverse effects on people and the environment</b></p>	<p>General information – Double materiality assessment E1 Climate changes – Significant impacts, risks, and opportunities E2 Pollution – Significant impacts, risks, and opportunities; Policies E4 Biodiversity and ecosystems – Significant impacts, risks, and opportunities; Policies S1 Own personnel – Significant impacts, risks, and opportunities S3 Affected communities – Significant impacts, risks, and opportunities</p>

GOV-4

## Due Diligence Statement

Key elements of due diligence	Sections of the Sustainability Report
<p><b>d) Measures to mitigate the aforementioned negative impacts</b></p>	<p>E1 Climate changes – Activities and resources                      E2 Pollution – Activities and resources                      E4 Biodiversity and ecosystems – Activities and resources                      S1 Own personnel – Significant impacts, risks, and opportunities; Remediation of impacts and channels for raising concerns                      S3 Skartās kopienas – Significant impacts, risks, and opportunities; Remediation of impacts and channels for raising concerns</p>
<p><b>e) Monitoring the effectiveness of these efforts</b></p>	<p>General information – Sustainability management model                      Group strategy – Objectives of the Group’s sustainability strategy                      E1 Climate Change – Key performance indicators; Energy consumption and structure of energy resources; GHG emissions                      E2 Pollution – Key performance indicators; Air, water and soil pollution                      E4 Biodiversity and ecosystems – Key performance indicators; Impact indicators                      S1 Own personnel – Significant impacts, risks, and opportunities; Key performance indicators                      S3 Affected communities – Significant impacts, risks, and opportunities; Key performance indicators                      S4 Consumers and end users – Key performance indicators</p>